

Berjaya Auto Berhad

Company No: 900557-M

Date: 8 December 2014

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 OCTOBER 2014**

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BERJAYA AUTO BERHAD**(Company No: 900557-M)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended		Year to date ended	
	31/10/2014 RM'000	31/10/2013 RM'000	31/10/2014 RM'000	31/10/2013 RM'000
GROUP REVENUE	508,822	282,449	1,016,773	710,864
PROFIT FROM OPERATIONS	77,004	34,243	148,531	68,429
Investment related income	1,639	747	2,865	1,438
Finance costs	(23)	(91)	(47)	(896)
Share of results of associate	2,413	2,580	6,152	4,660
PROFIT BEFORE TAX	81,033	37,479	157,501	73,631
INCOME TAX EXPENSE	(21,405)	(9,017)	(40,476)	(18,307)
PROFIT AFTER TAX	59,628	28,462	117,025	55,324
OTHER COMPREHENSIVE ITEMS				
<u>Item that will be reclassified subsequently to profit or loss</u>				
Foreign currency translation	(53)	(421)	14	(108)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>59,575</u>	<u>28,041</u>	<u>117,039</u>	<u>55,216</u>
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	57,522	27,600	113,623	53,687
- Non-controlling interests	2,106	862	3,402	1,637
	<u>59,628</u>	<u>28,462</u>	<u>117,025</u>	<u>55,324</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	57,490	27,347	113,632	53,622
- Non-controlling interests	2,085	694	3,407	1,594
	<u>59,575</u>	<u>28,041</u>	<u>117,039</u>	<u>55,216</u>
EARNINGS PER SHARE (SEN)				
-Basic, for the period	<u>7.12</u>	<u>3.83</u>	<u>14.06</u>	<u>7.46</u>
-Diluted, for the period	<u>6.96</u>	<u>3.83</u>	<u>13.76</u>	<u>7.46</u>

The annexed notes form an integral part of this interim financial report.

BERJAYA AUTO BERHAD**(Company No: 900557-M)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/10/2014 RM'000	Group As at 30/04/2014 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	22,667	20,372
Associated company	40,229	34,077
Deferred tax assets	35,975	31,196
Goodwill	500	500
	<u>99,371</u>	<u>86,145</u>
Current Assets		
Inventories	188,563	288,057
Trade and other receivables	87,092	53,771
Deposits with financial institutions	239,204	137,013
Cash and bank balances	73,872	49,211
	<u>588,731</u>	<u>528,052</u>
TOTAL ASSETS	<u><u>688,102</u></u>	<u><u>614,197</u></u>
EQUITY AND LIABILITIES		
Share capital	404,051	403,595
Share premium	164,244	163,241
Reserves	(149,677)	(222,944)
	<u>418,618</u>	<u>343,892</u>
Non-controlling interests	13,909	10,502
Equity funds	<u>432,527</u>	<u>354,394</u>
Non-current Liabilities		
Deferred tax liability	1	1
Deferred revenue	69,269	57,813
Provisions	11,016	7,050
	<u>80,286</u>	<u>64,864</u>
Current Liabilities		
Trade and other payables	84,332	134,386
Provisions	2,400	4,759
Derivative liability	1,601	500
Deferred revenue	36,830	28,851
Taxation	50,126	26,443
	<u>175,289</u>	<u>194,939</u>
Total Liabilities	<u>255,575</u>	<u>259,803</u>
TOTAL EQUITY AND LIABILITIES	<u><u>688,102</u></u>	<u><u>614,197</u></u>
Basic net assets per share (sen)	51.80	42.60
Dilutive net assets per share (sen)	52.30	43.39

Note:

- (a) The net assets per share is calculated based on the following :
- Basic : Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights.
- Dilutive: Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights and the potential issue of new shares pursuant to the exercise of the Company's outstanding unexercised options granted under the Company's Employees' Share Option Scheme ("ESOS").

The annexed notes form an integral part of this interim financial report.

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the equity holders of the Company

	Non-distributable					Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	ESOS* reserve RM'000	Exchange reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000		
At 1 May 2014	403,595	163,241	5,654	(158)	(424,000)	195,560	343,892	10,502	354,394
Total comprehensive income	-	-	-	9	-	113,623	113,632	3,407	117,039
Transactions with owners:									
ESOS options exercised	456	994	(812)	-	-	-	638	-	638
Share-based payment under ESOS	-	-	4,898	-	-	-	4,898	-	4,898
ESOS options forfeited	-	9	(9)	-	-	-	-	-	-
Interim dividend#	-	-	-	-	-	(28,280)	(28,280)	-	(28,280)
Interim dividend@	-	-	-	-	-	(16,162)	(16,162)	-	(16,162)
	456	1,003	4,077	-	-	(44,442)	(38,906)	-	(38,906)
At 31 October 2014	<u>404,051</u>	<u>164,244</u>	<u>9,731</u>	<u>(149)</u>	<u>(424,000)</u>	<u>264,741</u>	<u>418,618</u>	<u>13,909</u>	<u>432,527</u>
At 1 May 2013	360,000	144,000	-	(121)	(424,000)	79,021	158,900	7,299	166,199
Total comprehensive income	-	-	-	(65)	-	53,687	53,622	1,594	55,216
Transaction with owners:									
Share issuance expenses	-	(620)	-	-	-	-	(620)	-	(620)
At 31 October 2013	<u>360,000</u>	<u>143,380</u>	<u>-</u>	<u>(186)</u>	<u>(424,000)</u>	<u>132,708</u>	<u>211,902</u>	<u>8,893</u>	<u>220,795</u>

Notes:

Second interim dividend of 3.5 sen single-tier dividend per share in respect of financial year ended 30 April 2014.

@ First interim dividend of 2.0 sen single-tier dividend per share in respect of financial year ending 30 April 2015.

* ESOS - Employees' Share Option Scheme.

The annexed notes form an integral part of this interim financial report.

BERJAYA AUTO BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended	
	31/10/2014	31/10/2013
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	1,002,934	700,973
Payments for operating expenses	(808,566)	(598,337)
Payment of taxes	(21,572)	(3,375)
Net cash generated from operating activities	<u>172,796</u>	<u>99,261</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	8,056
Acquisition of property, plant and equipment	(5,203)	(749)
Interest received	3,023	1,438
Interest paid	-	(813)
Net cash (used in)/generated from investing activities	<u>(2,180)</u>	<u>7,932</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	638	-
Drawdown of bank borrowings	-	18,070
Repayment of bank borrowings	-	(140,675)
Repayment of hire purchase payables	-	(8)
Dividend paid	(44,442)	-
Net repayment from/(to) related companies	30	(55)
Net cash used in financing activities	<u>(43,774)</u>	<u>(122,668)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	126,842	(15,475)
OPENING CASH AND CASH EQUIVALENTS	186,224	182,035
Effect of exchange rate changes	10	(103)
CLOSING CASH AND CASH EQUIVALENTS	<u>313,076</u>	<u>166,457</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	239,204	55,217
Cash and bank balances	73,872	111,240
	<u>313,076</u>	<u>166,457</u>

The annexed notes form an integral part of this interim financial report.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Accounting Standards Board ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2014. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2014.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 April 2014.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 May 2014.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

- A2 The Group's operations are affected by the prevailing cyclical economic conditions.
- A3 There was no unusual item during the financial period under review.
- A4 As at 31 October 2014, the issued and paid up ordinary share capital of the Company was RM404,051,000. The movements during the financial period were as follows:-

	Ordinary shares of RM0.50 each	RM
<u>Issued and paid up share capital</u>		
As at 1 May 2014	807,190,000	403,595,000
ESOS exercised	912,000	456,000
As at 31 October 2014	<u>808,102,000</u>	<u>404,051,000</u>

ESOS

As at 31 October 2014, the total number of unexercised ESOS was 22,621,000 shares, at the exercise price of RM0.70 each.

- A5 During the financial period ended 31 October 2014, the Company paid the following dividends:
- i) Second interim dividend of 3.5 sen per share single-tier dividend amounting to RM28.280 million in respect of the financial year ended 30 April 2014 on 16 July 2014; and
 - ii) First interim dividend of 2.0 sen per share single-tier dividend amounting to RM16.162 million in respect of the financial year ending 30 April 2015 on 8 October 2014.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014

NOTES TO THE INTERIM FINANCIAL REPORT

A6 Segment information for the financial period ended 31 October 2014:-

REVENUE	Total RM'000
Malaysia	883,778
Philippines	132,995
Total revenue	<u><u>1,016,773</u></u>
RESULTS	Total RM'000
Malaysia	137,301
Philippines	<u>12,080</u>
	149,381
Unallocated corporate items	<u>(850)</u>
Profit from operations	148,531
Investment related income	
- Interest income	2,865
Finance costs	(47)
Share of results of associate	<u>6,152</u>
Profit before tax	157,501
Income tax expense	<u>(40,476)</u>
Profit after tax	<u><u>117,025</u></u>

A7 There were no significant events since the end of this current quarter up to the date of this announcement other than as disclosed below:

- i) On 1 December 2014, the Company entered into separate share sales agreements for the acquisition of a total of 20.0 million ordinary shares of RM1.00 each ("Inokom Shares") representing 20% equity interest in Inokom Corporation Sdn Bhd ("Inokom") as follows:
- 10.0 million Inokom Shares (10%) from Berjaya Group Berhad for a total cash consideration of RM15.0 million or at RM1.50 per Inokom Share; and
 - 10.0 million Inokom Shares (10%) from Pesumals (M) Sdn Bhd for a total cash consideration of RM15.0 million or at RM1.50 per Inokom Share.

The Company currently holds in total 20% equity interest in Inokom.

A8 There were no changes in the composition of the Group for the current period ended 31 October 2014 including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operation.

A9 There were no material changes in the contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2014.

A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2014.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

- B1 The Group is primarily engaged in the distribution of Mazda vehicles in Malaysia and the Philippines, and retailing of Mazda vehicles and provision of after sales services for Mazda vehicles in Malaysia. The performance of the Group may be affected by regulations and policies governing the importation of completely built-up ("CBU") vehicles into Malaysia, changes in consumer preference and spending trend, unfavourable economic, social and political conditions in countries where the Group operates or obtains its supplies of vehicles, and global market and credit market volatility.

Current quarter vs preceding year same quarter

For the quarter ended 31 October 2014, the Group reported a revenue and pre-tax profit of RM508.8 million and RM81.0 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM282.4 million and RM37.5 million respectively. The increase in revenue was primarily due to higher sales volume of Mazda vehicles in both Malaysia and the Philippines. The sales volume growth in Malaysia was mainly driven by CX-5 (CKD and CBU) models, one of the top seller in the C-SUV (sports utility vehicle) segment, as well as other SKYACTIV models like Mazda3 and Biante. In the Philippines, Mazda2 and Mazda3 models continue to perform well and contributed significantly to its sales volume growth.

In tandem with higher revenue and improved gross profit margin, the Group's pre-tax profit for the current quarter has increased by RM43.5 million or 116.0% when compared to the preceding year corresponding quarter. The improvement in gross profit margin was mainly attributable to favourable sales mix and a weaker Japanese Yen against Ringgit Malaysia.

For the 6-month period

For the 6-month period ended 31 October 2014, the Group registered a revenue and pre-tax profit of RM1.02 billion and RM157.5 million respectively, as compared to the corresponding period of the previous year which reported a revenue and pre-tax profit of RM710.9 million and RM73.6 million respectively.

The revenue growth was mainly attributable to good demand in Malaysia for popular Mazda SKYACTIV models like CX-5, Mazda3 and Biante, and in the Philippines with Mazda2 and Mazda3 models driving up sales. Higher revenue coupled with improved gross profit margin has enabled the Group's half year pre-tax profit to grow by RM83.9 million or 114.0% as compared to the corresponding period of the previous year. Similar to current quarter under review, the improvement in gross profit margin for the first half year was also largely due to favourable sales mix and a weaker Japanese Yen against Ringgit Malaysia.

B2 Current quarter vs preceding quarter

For the quarter ended 31 October 2014, the Group reported a revenue of RM508.8 million and pre-tax profit of RM81.0 million, as compared to the Group revenue of RM508.0 million and Group pre-tax profit of RM76.5 million for the preceding quarter. Group revenue growth was marginal because of the contract assembler's paint shop shutdown in October 2014 due to upgrading works. Despite the plant shutdown in October 2014 resulting in less CX-5 CKD model sold, the Group's pre-tax profit still increased by RM4.5 million or 5.9% primarily due to better gross profit margin. In addition, both quarters' pre-tax profit included the Group ESOS expense i.e. RM2.5 million for the quarter under review compared to RM2.4 million for the preceding quarter.

B3 Future prospects

The remaining half of the financial year is expected to be challenging as the other major car players are stepping up their promotional activities to clear stocks due to oversupply situation. The uncertainties of the effects of Goods and Services Tax (effective 1 April 2015) on local car prices remain a concern to the Group. Notwithstanding these challenges and with the impending launch of the award winning all new Mazda2 SKYACTIV and locally assembled Mazda3 SKYACTIV models in Malaysia, the Board expects the Group to maintain its growth momentum and perform satisfactorily for the remaining half of the financial year.

- B4 There is no profit forecast or profit guarantee for the financial period ended 31 October 2014.

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter/period ended 31 October 2014 are detailed as follows:

	Current Quarter RM'000	Financial Year to date RM'000
Based on the results for the current quarter/period:-		
Current period provision		
- In Malaysia	21,395	41,617
- Outside Malaysia	2,186	3,638
Deferred tax	(2,176)	(4,779)
	<u>21,405</u>	<u>40,476</u>

The disproportionate tax charge of the Group for the current quarter ended 31 October 2014 was mainly due to share of results of associate which is presented net of tax and the recognition of deferred tax benefits.

B6 Profit before tax is stated after charging/(crediting):

	Current Quarter RM'000	Financial Year to date RM'000
Interest income	(1,639)	(2,865)
Dividend income	-	-
Gain on disposal of properties	-	-
Depreciation of property, plant and equipment	1,496	2,907
Amortisation of intangible assets	-	-
Impairment loss on receivables	-	-
Impairment of value of AFS quoted investments	-	-
Provision for and write off of inventories	-	-
Foreign exchange (gain) or loss (net)	743	866
(Gain) or loss on derivatives (net)	<u>516</u>	<u>1,601</u>

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**B7 Status of Corporate Proposals****Status of utilisation of proceeds raised**

During the last financial year, the Company completed the Initial Public Offering ("IPO") and raised proceeds of about RM57.9 million which were utilised in the following manner as set out in the Prospectus dated 18 October 2013.

Detail of utilisation	Proposed utilisation as per Prospectus (Maximum Scenario) RM'000	Actual utilisation up to 31 October 2014 RM'000	Pending utilisation RM'000	Variance + / (-) RM'000
Working capital of Group	41,674	42,000	-	(326)
Finance capital expenditure	7,500	4,507	2,993	-
Investment in Mazda Malaysia Sdn Bhd	4,500	-	4,500	-
Defray estimated fees and expenses relating to our IPO corporate exercise up to 31 October 2014	4,260	3,552	-	708
Total	<u>57,934</u>	<u>50,059</u>	<u>7,493</u>	<u>382</u>

During the current quarter, the Company had announced on 31 October 2014 that it intends to vary the utilisation of the balance of IPO proceeds in the following manner:

- (i) the finance capital expenditure of RM7.5 million will be re-purpose to include the part finance of the set-up cost of a new body repairs and paint shop; and
- (ii) the timeframe for investment in Mazda Malaysia Sdn Bhd of RM4.5 million be extended from 12 months to 24 months from the listing date of the Company (i.e. 18 November 2013).

B8 The Group does not have any borrowings and debt securities as at 31 October 2014.

B9 There were no material litigation for the current financial period.

B10 The Board has recommended a second interim dividend of 3.25 sen single-tier dividend per share in respect of financial period ended 31 October 2014 (previous year corresponding quarter ended 31 October 2013: 1.75 sen single-tier dividend per share) to be payable on 20 January 2015. The entitlement date has been fixed on 6 January 2015. The total dividend declared for the financial period ended 31 October 2014 amounted to 5.25 sen single-tier dividend per share (previous corresponding financial period ended 31 October 2013: 1.75 sen single-tier dividend per share).

A Depositor shall qualify for the entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 6 January 2015 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B11 The basic and diluted earnings per share are calculated as follows:

	Group (3-month period)			
	31/10/2014	31/10/2013	31/10/2014	31/10/2013
	RM'000		sen	
Net profit for the quarter	<u>57,522</u>	<u>27,600</u>		
Weighted average number of ordinary shares in issue ('000)	<u>808,058</u>	<u>720,000</u>		
Basic earnings per share			<u>7.12</u>	<u>3.83</u>
Net profit for the quarter	<u>57,522</u>	<u>27,600</u>		
Number of shares used in the calculation of basis earning per share ('000)	808,058	720,000		
Number of shares assuming exercise of employee share options ('000)	<u>18,110</u>	<u>-</u>		
	<u>826,168</u>	<u>720,000</u>		
Dilutive earnings per share (Sen)			<u>6.96</u>	<u>3.83</u>
	Group (6-month period)			
	31/10/2014	31/10/2013	31/10/2014	31/10/2013
	RM'000		sen	
Net profit for the period	<u>113,623</u>	<u>53,687</u>		
Weighted average number of ordinary shares in issue ('000)	<u>807,867</u>	<u>720,000</u>		
Basic earnings per share			<u>14.06</u>	<u>7.46</u>
Net profit for the quarter	<u>113,623</u>	<u>53,687</u>		
Number of shares used in the calculation of basis earning per share ('000)	807,867	720,000		
Number of shares assuming exercise of employee share options ('000)	<u>18,110</u>	<u>-</u>		
	<u>825,977</u>	<u>720,000</u>		
Dilutive earnings per share (Sen)			<u>13.76</u>	<u>7.46</u>

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B12 Realised and unrealised earnings of the Group is analysed as follows:

	As at 31/10/2014 RM'000	As at 30/04/2014 RM'000 (Audited)
Total retained earnings of the Company and its subsidiaries:		
- realised	223,195	166,836
- unrealised	<u>32,477</u>	<u>27,378</u>
	255,672	194,214
Share of results from associated company	* <u>15,538</u>	<u>9,386</u>
	271,210	203,600
Less: Consolidation adjustments	(6,469)	(8,040)
Total group retained earnings as per consolidated accounts	<u><u>264,741</u></u>	<u><u>195,560</u></u>

* It is not practical to segregate the share of results from associated company to realised and unrealised earnings.

c.c. Securities Commission