

Berjaya Auto Berhad

Company No: 900557-M

Date: 10 September 2015

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2015**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended	
	31/07/2015 RM'000	31/07/2014 RM'000
GROUP REVENUE	512,545	507,951
PROFIT FROM OPERATIONS	68,004	71,527
Investment related income	1,353	1,226
Finance costs	(42)	(24)
Share of results of associates	4,224	3,739
PROFIT BEFORE TAX	73,539	76,468
INCOME TAX EXPENSE	(18,509)	(19,071)
PROFIT AFTER TAX	55,030	57,397
OTHER COMPREHENSIVE ITEM		
<u>Item that will be reclassified subsequently to profit or loss</u>		
Foreign currency translation	2,202	67
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>57,232</u>	<u>57,464</u>
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the parent	52,203	56,101
- Non-controlling interests	2,827	1,296
	<u>55,030</u>	<u>57,397</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the parent	53,524	56,142
- Non-controlling interests	3,708	1,322
	<u>57,232</u>	<u>57,464</u>
EARNINGS PER SHARE (SEN)		
-Basic, for the period	<u>4.58</u>	<u>4.96</u> *
-Diluted, for the period	<u>4.51</u>	<u>4.86</u> *

Note:

* Comparative figures have been adjusted for bonus issue to be comparable to the current year presentation.

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 JULY 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/07/2015 RM'000	Group As at 30/04/2015 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	22,957	23,586
Associated companies	83,421	79,267
Deferred tax assets	34,323	33,491
Goodwill	500	500
	<u>141,201</u>	<u>136,844</u>
Current Assets		
Inventories	293,213	218,449
Trade and other receivables	149,144	103,487
Deposits with financial institutions	139,572	186,865
Cash and bank balances	82,296	93,905
	<u>664,225</u>	<u>602,706</u>
TOTAL ASSETS	<u>805,426</u>	<u>739,550</u>
EQUITY AND LIABILITIES		
Share capital	570,061	406,760
Reserves	(108,095)	66,845
	<u>461,966</u>	<u>473,605</u>
Treasury shares	(947)	-
	<u>461,019</u>	<u>473,605</u>
Non-controlling interests	22,637	18,929
Equity funds	<u>483,656</u>	<u>492,534</u>
Non-current Liabilities		
Deferred revenue	60,782	52,191
Provisions	13,326	11,137
	<u>74,108</u>	<u>63,328</u>
Current Liabilities		
Trade and other payables	184,261	118,501
Provisions	7,613	9,851
Deferred revenue	38,560	35,840
Taxation	17,228	19,496
	<u>247,662</u>	<u>183,688</u>
Total Liabilities	<u>321,770</u>	<u>247,016</u>
TOTAL EQUITY AND LIABILITIES	<u>805,426</u>	<u>739,550</u>
Basic net assets per share (sen)	40.44	41.58 *
Dilutive net assets per share (sen)	41.34	42.55 *

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").

* Comparative figures have been adjusted for bonus issue to be comparable to the current year presentation.

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

BERJAYA AUTO BERHAD
 UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the equity holders of the Company

	Non-distributable				Distributable			Total	Non-controlling interests	Total equity
	Share capital	Share premium	ESOS* reserve	Exchange reserve	Merger deficit	Retained earnings	Treasury shares			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2015	406,760	170,143	9,050	1,818	(424,000)	309,834	-	473,605	18,929	492,534
Total comprehensive income	-	-	-	1,321	-	52,203	-	53,524	3,708	57,232
Transactions with owners:										
Share-based payment under ESOS	-	-	1,585	-	-	-	-	1,585	-	1,585
ESOS options exercised	426	1,972	(800)	-	-	-	-	1,598	-	1,598
Treasury shares acquired	-	-	-	-	-	-	(2,408)	(2,408)	-	(2,408)
Sale of treasury shares	-	-	-	-	-	61	1,461	1,522	-	1,522
Bonus issue	162,875	(162,875)	-	-	-	-	-	-	-	-
Interim dividends#	-	-	-	-	-	(68,407)	-	(68,407)	-	(68,407)
	163,301	(160,903)	785	-	-	(68,346)	(947)	(66,110)	-	(66,110)
At 31 July 2015	570,061	9,240	9,835	3,139	(424,000)	293,691	(947)	461,019	22,637	483,656
At 1 May 2014	403,595	163,241	5,654	(158)	(424,000)	195,560	-	343,892	10,502	354,394
Total comprehensive income	-	-	-	41	-	56,101	-	56,142	1,322	57,464
Transactions with owners:										
Share-based payment under ESOS	-	-	2,445	-	-	-	-	2,445	-	2,445
ESOS options exercised	401	873	(713)	-	-	-	-	561	-	561
Interim dividend+	-	-	-	-	-	(28,280)	-	(28,280)	-	(28,280)
	401	873	1,732	-	-	(28,280)	-	(25,274)	-	(25,274)
At 31 July 2014	403,996	164,114	7,386	(117)	(424,000)	223,381	-	374,760	11,824	386,584

Notes:

* ESOS - Employees' Share Option Scheme.

Refer to Note A5.

+ Second interim dividend of 3.50 sen single-tier dividend per share in respect of financial year ended 30 April 2014.

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

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2015	31/07/2014
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	511,814	490,127
Payments for operating expenses	(484,985)	(408,351)
Payment of taxes	(21,324)	(11,580)
Net cash generated from operating activities	<u>5,505</u>	<u>70,196</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2	-
Acquisition of property, plant and equipment	(842)	(1,054)
Interest received	1,341	1,380
Net cash generated from investing activities	<u>501</u>	<u>326</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	1,598	561
Sale of treasury shares	1,522	-
Acquisition of treasury shares	(2,408)	-
Interest paid	-	(16)
Dividend paid	(68,407)	(28,280)
Net cash used in financing activities	<u>(67,695)</u>	<u>(27,735)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(61,689)</u>	<u>42,787</u>
OPENING CASH AND CASH EQUIVALENTS	<u>280,770</u>	<u>186,224</u>
Effect of exchange rate changes	2,787	75
CLOSING CASH AND CASH EQUIVALENTS	<u><u>221,868</u></u>	<u><u>229,086</u></u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	139,572	162,487
Cash and bank balances	<u>82,296</u>	<u>66,599</u>
	<u><u>221,868</u></u>	<u><u>229,086</u></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 JULY 2015

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 2015. 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 2015.

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 2015.

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 2015.

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 July 2015, the issued and paid up ordinary share capital of the Company was RM570,061,094. 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 2015	813,520,000	406,760,000
Bonus issue (Completed on 26 June 2015)	325,749,188	162,874,594
ESOS exercised:		
ESOS (1st batch)	427,000	213,500
ESOS (2nd batch)	426,000	213,000
	853,000	426,500
As at 31 July 2015	<u>1,140,122,188</u>	<u>570,061,094</u>

ESOS

As at 31 July 2015,

- (a) the total number of unexercised ESOS (1st batch) was 22,996,400 shares, at the exercise price of RM0.50 (revised after bonus issue) each.
- (b) the total number of unexercised ESOS (2nd batch) was 4,688,600 shares, at the exercise price of RM2.18 (revised after bonus issue) each.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015

NOTES TO THE INTERIM FINANCIAL REPORT

A4 The details of the share buyback during the financial period ended 31 July 2015 were as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
May 2015	3.61	3.79	3.65	400,000	1,461
July 2015	2.32	2.39	2.37	400,000	947
			3.01	800,000	2,408

The number of treasury shares held in hand as at 31 July 2015 was as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 30 April 2015	-	-	-
Increase in treasury shares	3.01	800,000	2,408
Resale of treasury shares	3.65	(400,000)	(1,461)
Total treasury shares as at 31 July 2015	2.37	400,000	947

As at 31 July 2015, the number of outstanding shares in issue and fully paid up with voting rights (rounded to nearest thousand) was 1,139,722,000 (31 July 2014: 807,991,000) ordinary shares of RM0.50 each.

A5 During the financial period ended 31 July 2015, the Company paid a fourth interim dividend of 2.75 sen single-tier dividend and a special dividend of 3.25 sen single-tier dividend per share amounting to a total of RM68.407 million in respect of the financial year ended 30 April 2015 on 22 July 2015.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015

NOTES TO THE INTERIM FINANCIAL REPORT

A6 Segment information for the financial period ended 31 July 2015:-

REVENUE	Total RM'000
Malaysia	424,486
Philippines	88,059
Total revenue	<u>512,545</u>
RESULTS	Total RM'000
Malaysia	58,606
Philippines	9,837
	<u>68,443</u>
Unallocated corporate items	(439)
Profit from operations	<u>68,004</u>
Investment related income	
- Interest income	1,353
Finance costs	(42)
Share of results of associates	4,224
	<u>73,539</u>
Profit before tax	
Income tax expense	(18,509)
Profit after tax	<u>55,030</u>

A7 There were no significant events since the end of this quarter up to the date of this announcement.

A8 There were no changes in the composition of the Group for the current period ended 31 July 2015 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 2015.

A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2015.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
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 maybe affected by regulations and policies governing the importation of completely built-up ("CBU") vehicles and completely knocked-down ("CKD") parts into Malaysia, foreign exchange fluctuations, changes in consumer preferences 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 July 2015, the Group recorded a revenue and pre-tax profit of RM512.5 million and RM73.5 million respectively, as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM508.0 million and RM76.5 million respectively.

Both local and Philippines operations continued to record double-digit growth in sales volume of Mazda vehicles. However, the Group's revenue only grew marginally largely due to unfavourable sales mix, whereby the competitively priced Mazda2 SKYACTIV and Mazda3 CKD SKYACTIV models were the main contributor to the increase in sales volume in Malaysia. Besides these two models, the Group's sales volume growth was also driven by the ever popular CX-5 model which continued to do well in both Malaysia and the Philippines. In addition, the implementation of Goods And Services Tax ("GST") in Malaysia on 1 April 2015 has also impacted the Group's revenue as sales is now recorded net of GST. In spite of the marginal increase in revenue for the current quarter under review, the Group's pre-tax profit declined by RM3.0 million or 3.9%. The Group's lower pre-tax profit was mainly attributable to higher spending on advertising and promotion expenses. The Group ESOS charge for the quarter was RM1.6 million while it was RM2.4 million in the corresponding quarter for the previous financial year.

B2 Current quarter vs preceding quarter

For the quarter ended 31 July 2015, the Group recorded a revenue and pre-tax profit of RM512.5 million and RM73.5 million respectively, as compared to the Group revenue of RM424.3 million and Group pre-tax profit of RM77.2 million for the preceding quarter.

The Group's revenue grew by 20.8% largely due to higher sales volume of Mazda vehicles in both the domestic and Philippines market. Locally, the CKD models (Mazda3 SKYACTIV and Mazda CX-5 SKYACTIV) were the driving force behind the sales volume growth. In the Philippines, all the Mazda models distributed by the Group continued to perform well. Although the Group's revenue for the current quarter recorded strong growth, pre-tax profit declined by RM3.7 million or 4.8%. The lower pre-tax profit was primarily due to compressed gross profit margin caused by intense competition.

B3 Future prospects

The remaining period of the financial year is expected to be challenging as local and global economic uncertainties have caused Ringgit Malaysia to depreciate substantially against the Japanese Yen and other major currencies. This will have an effect of driving up product cost and affect the price competitiveness of Mazda vehicles in Malaysia. Domestic demand for motor vehicles continued to be soft due to weak market sentiment. Many automotive distributors are offering huge discount and special packages to reduce their inventory. This is evidenced by the continuous advertising and promotional activities seen in the various media and it will have an impact on our competitiveness and exert further pressure on our gross profit margin.

In light of the above challenges, the Group is improvising its sales and promotion programs to focus more on market share growth. The Group is also working closely with its Principal on product cost improvement that might mitigate some of the foreign exchange risk exposure. New model launches which are anticipated to boost demand for Mazda motor vehicles have also been planned for the second half of this financial year. With all these measures in place, the Board expect the Group to perform satisfactorily for the remaining quarters of the financial year.

- B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2015.

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter/period ended 31 July 2015 are detailed as follows:

	Current Quarter RM'000
Based on the results for the period:-	
Current period provision	
- In Malaysia	16,096
- Outside Malaysia	2,960
Deferred tax	(547)
	<u>18,509</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 2015 was mainly due to share of results of associates which is presented net of tax and due to certain expenses or losses being disallowed for tax purposes.

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

	Current Quarter RM'000
Interest income	(1,353)
Dividend income	-
Other income excluding dividend and interest income	-
Gain on disposal of property, plant and equipment	2
Depreciation of property, plant and equipment	1,539
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)	62
(Gain) or loss on derivatives (net)	<u>-</u>

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B7 Status of Corporate Proposals

Status of utilisation of proceeds raised

During the financial year ended 30 April 2014, 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 July 2015 RM'000	Pending utilisation RM'000	Variance +/- RM'000
Working capital of Group	41,674	42,000	-	(326)
Finance capital expenditure	7,500	7,437	63	-
Investment in Mazda Malaysia Sdn Bhd	4,500	-	4,500	-
Defray estimated fees and expenses relating to our IPO corporate exercise	4,260	3,552	-	708
Total	57,934	52,989	4,563	382

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

- (i) to finance capital expenditure of RM7.5 million will be re-purposed 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 July 2015.

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

B10 The Board has recommended a first interim dividend of 2.25 sen single-tier dividend per share in respect of the financial year ending 30 April 2016 to be payable on 21 October 2015. The entitlement date has been fixed on 8 October 2015. The total dividend declared for the financial period ended 31 July 2015 amounted to 2.25 sen single-tier dividend per share (previous financial period ended 31 July 2014: 2.00 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 8 October 2015 in respect of transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	Group (3-month period)			
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	RM'000		sen	
Net profit for the quarter	<u>52,203</u>	<u>56,101</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,139,412</u>	<u>1,130,747</u>	*	
Basic earnings per share			<u>4.58</u>	<u>4.96</u>
Net profit for the quarter	<u>52,203</u>	<u>56,101</u>		
Number of shares used in the calculation of basis earning per share ('000)	1,139,412	1,130,747	*	
Number of shares assuming exercise of employee share options (1st batch) ('000)	18,574	23,228	*	
Number of shares assuming exercise of employee share options (2nd batch) ('000)	<u>757</u>	<u>-</u>		
	<u>1,158,743</u>	<u>1,153,975</u>		
Dilutive earnings per share (Sen)			<u>4.51</u>	<u>4.86</u>

* Comparative figures have been adjusted for bonus issue to be comparable to the current year presentation.

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

	As at 7/31/2015 RM'000	As at 4/30/2015 RM'000 (Audited)
Total retained earnings of the Company and its subsidiaries:		
- realised	248,121	268,273
- unrealised	<u>34,501</u>	<u>31,573</u>
	282,622	299,846
Share of results from associated companies	# <u>22,692</u>	<u>18,468</u>
	305,314	318,314
Less: Consolidation adjustments	(11,684)	(8,480)
Total group retained earnings as per consolidated accounts	<u>293,630</u>	<u>309,834</u>

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

c.c. Securities Commission