

Bermaz Auto Berhad

Company Registration No: 201001016854 (900557-M)

Date: 10 March 2021

Subject: **UNAUDITED QUARTERLY (Q3) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JANUARY 2021**

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BERMAZ AUTO BERHAD**Company Registration No: 201001016854 (900557-M)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended		Year to date ended	
	31/1/2021	31/1/2020	31/1/2021	31/1/2020
	RM'000	RM'000	RM'000	RM'000
GROUP REVENUE	597,980	467,463	1,646,718	1,459,676
PROFIT FROM OPERATIONS	35,590	26,957	88,068	105,881
Investment related income	1,715	668	3,741	2,976
Finance costs	(2,448)	(1,785)	(9,743)	(3,985)
Share of results of associates	7,351	8,507	7,157	23,700
PROFIT BEFORE TAX	42,208	34,347	89,223	128,572
INCOME TAX EXPENSE	(9,639)	(5,965)	(23,534)	(27,109)
PROFIT AFTER TAX	32,569	28,382	65,689	101,463
OTHER COMPREHENSIVE ITEM				
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation	(2,509)	(2,492)	(1,973)	883
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	30,060	25,890	63,716	102,346
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	33,082	27,150	67,117	98,053
- Non-controlling interests	(513)	1,232	(1,428)	3,410
	32,569	28,382	65,689	101,463
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	31,544	25,749	65,907	98,583
- Non-controlling interests	(1,484)	141	(2,191)	3,763
	30,060	25,890	63,716	102,346
EARNINGS PER SHARE (SEN)				
-Basic, for the period	2.85	2.34	5.78	8.44
-Diluted, for the period	2.84	2.33	5.76	8.42

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

BERMAZ AUTO BERHAD

Company Registration No: 201001016854 (900557-M)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/1/2021 RM'000	Group As at 30/4/2020 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	36,282	38,700
Right-of-use assets	61,662	70,469
Other investment	2,863	2,771
Associated companies	219,944	210,387
Deferred tax assets	70,821	62,847
Goodwill	500	500
	<u>392,072</u>	<u>385,674</u>
Current Assets		
Inventories	272,417	684,644
Trade and other receivables	127,056	107,452
Tax recoverable	90	10,397
Deposits with financial institutions	478,768	46,675
Cash and bank balances	100,126	53,545
	<u>978,457</u>	<u>902,713</u>
TOTAL ASSETS	<u><u>1,370,529</u></u>	<u><u>1,288,387</u></u>
EQUITY AND LIABILITIES		
Share capital	609,333	608,823
Reserves	(88,917)	(136,166)
	<u>520,416</u>	<u>472,657</u>
Treasury shares	(3,934)	(2,602)
	<u>516,482</u>	<u>470,055</u>
Non-controlling interests	48,962	51,153
Total Equity	<u><u>565,444</u></u>	<u><u>521,208</u></u>
Non-current Liabilities		
Lease liabilities	58,511	65,067
Contract liability	116,826	85,104
Provisions	39,181	35,582
Long term borrowings	100,000	-
	<u>314,518</u>	<u>185,753</u>
Current Liabilities		
Lease liabilities	8,202	9,082
Short term borrowings	124,881	137,709
Trade and other payables	256,393	349,500
Contract liability	54,460	49,931
Provisions	36,157	29,789
Taxation	10,474	5,415
	<u>490,567</u>	<u>581,426</u>
Total Liabilities	<u><u>805,085</u></u>	<u><u>767,179</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,370,529</u></u>	<u><u>1,288,387</u></u>
Basic net assets per share (sen)	44.47	40.45
Dilutive net assets per share (sen)	45.32	41.34

Note:

The net assets per share is calculated based on the following :

Basic : Total equity less non-controlling interests divided by the number of outstanding shares in issue with voting rights.

Dilutive : Total equity 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 Scheme ("ESS").

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

BERMAZ AUTO BERHAD
Company Registration No: 201001016854 (900557-M)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company									
	Non-distributable					Distributable			Non-controlling interests	Total equity
	Share capital	Employees' share plan reserves	Exchange reserve	Consolidation reserve	Merger deficit	Retained earnings	Treasury shares	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 May 2020	608,823	5,172	1,587	32,981	(424,000)	248,094	(2,602)	470,055	51,153	521,208
Total comprehensive income	-	-	(1,210)	-	-	67,117	-	65,907	(2,191)	63,716
Transactions with owners:										
Share-based payment under ESS	-	2,179	-	-	-	-	-	2,179	-	2,179
Issuance of shares pursuant to ESS shares vested	480	(798)	-	-	-	318	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	(1,332)	(1,332)	-	(1,332)
ESS options forfeited	30	(30)	-	-	-	-	-	-	-	-
Interim dividends*	-	-	-	-	-	(5,809)	-	(5,809)	-	(5,809)
Interim dividends#	-	-	-	-	-	(14,518)	-	(14,518)	-	(14,518)
	510	1,351	-	-	-	(20,009)	(1,332)	(19,480)	-	(19,480)
At 31 January 2021	609,333	6,523	377	32,981	(424,000)	295,202	(3,934)	516,482	48,962	565,444

	Attributable to the equity holders of the Company									
	Non-distributable					Distributable			Non-controlling interests	Total equity
	Share capital	Employees' share plan reserves	Exchange reserve	Consolidation reserve	Merger deficit	Retained earnings	Treasury shares	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 May 2019	607,879	2,299	(3,633)	32,981	(424,000)	354,740	(6,486)	563,780	44,579	608,359
Total comprehensive income	-	-	530	-	-	98,053	-	98,583	3,763	102,346
Transactions with owners:										
Share-based payment under ESS	-	3,108	-	-	-	-	-	3,108	-	3,108
ESS options exercised	886	(174)	-	-	-	-	-	712	-	712
ESS options forfeited	23	(23)	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	961	3,144	4,105	-	4,105
Reissued for ESS shares vested	-	(822)	-	-	-	82	740	-	-	-
Interim dividend+	-	-	-	-	-	(40,655)	-	(40,655)	-	(40,655)
Special dividend~	-	-	-	-	-	(81,311)	-	(81,311)	-	(81,311)
Interim dividend^	-	-	-	-	-	(37,752)	-	(37,752)	-	(37,752)
Interim dividend^^	-	-	-	-	-	(31,957)	-	(31,957)	-	(31,957)
	909	2,089	-	-	-	(190,632)	3,884	(183,750)	-	(183,750)
At 31 January 2020	608,788	4,388	(3,103)	32,981	(424,000)	262,161	(2,602)	478,613	48,342	526,955

Notes:

- * First interim dividend of 0.50 sen single-tier dividend per share in respect of financial year ending 30 April 2021.
- # Second interim dividend of 1.25 sen single-tier dividend per share in respect of financial year ending 30 April 2021.
- + Fourth interim dividend of 3.50 sen single-tier dividend per share in respect of financial year ended 30 April 2019.
- ~ Special dividend of 7.00 sen single-tier dividend per share in respect of financial year ended 30 April 2019.
- ^ First interim dividend of 3.25 sen single-tier dividend per share in respect of financial year ended 30 April 2020.
- ^^ Second interim dividend of 2.75 sen single-tier dividend per share in respect of financial year ended 30 April 2020.

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

BERMAZ AUTO BERHAD**Company Registration No: 201001016854 (900557-M)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	31/1/2021	31/1/2020
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	1,660,078	1,447,845
Payment to suppliers and operating expenses	(1,211,454)	(1,450,396)
Payment of taxes (net)	(16,278)	(48,225)
Net cash flow generated from/(used in) operating activities	<u>432,346</u>	<u>(50,776)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1	1
Acquisition of investments in associate company	(2,400)	-
Acquisition of property, plant and equipment	(1,596)	(11,900)
Interest received	3,900	2,989
Net cash flow used in investing activities	<u>(95)</u>	<u>(8,910)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	-	712
Purchase of treasury shares	(1,332)	-
Sale of treasury shares	-	4,105
Net movement in short term borrowings	86,055	102,999
Interest paid	(6,474)	(1,034)
Dividends paid	(22,661)	(159,718)
Payment of lease liabilities	(7,436)	(9,621)
Net cash flow generated from/(used in) financing activities	<u>48,152</u>	<u>(62,557)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	480,403	(122,243)
OPENING CASH AND CASH EQUIVALENTS	100,220	320,166
Effect of exchange rate changes	(1,729)	333
CLOSING CASH AND CASH EQUIVALENTS	<u>578,894</u>	<u>198,256</u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	478,768	103,038
Cash and bank balances	<u>100,126</u>	<u>95,218</u>
	<u>578,894</u>	<u>198,256</u>

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

BERMAZ AUTO BERHAD**Company Registration No: 201001016854 (900557-M)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting, requirements of the Companies Act 2016 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 2020. 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 2020.

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 2020 except the adoption of the new or revised standards, IC Interpretation and amendments to standards.

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 2020.

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 and product life cycle of the car models. The Malaysia operations are affected by major festive seasons such as Chinese New Year and Hari Raya. These festive celebrations will normally have a positive impact to the Group's operations.
- A3 The COVID-19 pandemic had resulted in unprecedented preventive measures of varying degrees of global population lockdown to curb the outbreak. The lockdown has caused the temporary closure of almost all businesses in many countries. In Malaysia, the Government has re-imposed the second MCO ("MCO 2.0") effective 13 January 2021 in all states except the state of Sarawak. It was announced that MCO 2.0 will be extended to 4 March 2021 in certain states whilst the rest of the states in Malaysia will move to CMCO. As for the Philippines, the Philippine government has relaxed its quarantine measure from Enhanced Community Quarantine ("ECQ") to General Community Quarantine ("GCQ") on 1 June 2020 in which selected businesses are allowed to operate at 50% to 100% workforce depending on the industry. As such, volume of business transactions will be impacted going forward.

Other than as disclosed above, there were no unusual items during the financial period under review.

- A4 As at 31 January 2021, the issued and paid up ordinary share capital of the Company was RM609,333,143. The movements during the financial period were as follows:-

<u>Issued and paid up share capital</u>	Number of ordinary shares	RM
As at 1 May 2020	1,163,549,188	608,822,913
Issuance of shares pursuant to ESS shares vested	378,000	480,060
Transfer of reserve arising from forfeiture of ESS	-	30,170
As at 31 January 2021	<u>1,163,927,188</u>	<u>609,333,143</u>

ESS

As at 31 January 2021, the total number of unexercised ESS options (with exercise price of RM1.85 each) was 8,045,500 and the total number of ESS shares that have not been vested was 2,980,800.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

NOTES TO THE INTERIM FINANCIAL REPORT

A5 The details of the share buyback during the financial period ended 31 January 2021 were as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
October 2020	1.13	1.15	1.15	550,000	632
November 2020	1.13	1.38	1.21	580,000	700
			1.18	1,130,000	1,332

The number of treasury shares held in hand as at 31 January 2021 was as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 30 April 2020	1.90	1,369,200	2,602
Increase in treasury shares	1.18	1,130,000	1,332
Total treasury shares as at 31 January 2021	1.57	2,499,200	3,934

As at 31 January 2021, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 1,161,428,000 (31 January 2020: 1,162,169,000) ordinary shares.

A6 During the financial period ended 31 January 2021, the Company paid the following dividends:

- i) third interim dividend of 1.45 sen single-tier dividend per share amounting to a total of RM16.852 million in respect of the financial year ended 30 April 2020 on 28 May 2020; and
- ii) first interim dividend of 0.50 sen single-tier dividend per share amounting to a total of RM5.809 million in respect of the financial year ending 30 April 2021 on 18 November 2020.

Subsequent to 31 January 2021, the Company paid a second interim dividend of 1.25 sen single-tier dividend per share amounting to a total of RM14.518 million in respect of the financial year ending 30 April 2021 on 5 February 2021.

A7 Segment information for the financial period ended 31 January 2021:-

REVENUE	Consolidated RM'000
Malaysia	1,529,994
Philippines	116,724
Total revenue	<u>1,646,718</u>
RESULTS	RM'000
Malaysia	86,909
Philippines	1,968
	<u>88,877</u>
Unallocated corporate items	(809)
Profit from operations	<u>88,068</u>
Investment related income	3,741
Finance costs	(9,743)
Share of results of associates	<u>7,157</u>
Profit before tax	89,223
Income tax expense	<u>(23,534)</u>
Profit after tax	<u>65,689</u>

BERMAZ AUTO BERHAD**Company Registration No: 201001016854 (900557-M)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

NOTES TO THE INTERIM FINANCIAL REPORT

DISAGGREGATION OF REVENUE

	9 months ended	
	31/1/2021	31/1/2020
	RM'000	RM'000
Sale of motor vehicles	1,511,296	1,315,545
Sale of spare parts	94,749	99,067
Maintenance and fitting of motor vehicle accessories services	40,673	45,064
Group revenue	<u>1,646,718</u>	<u>1,459,676</u>
Timing of revenue recognition:		
- at a point in time	1,602,728	1,414,479
- over time	43,990	45,197
Group revenue	<u>1,646,718</u>	<u>1,459,676</u>

A8 There were no significant events since the end of this current quarter up to the date of this announcement.

A9 Capital expenditure of the Group not provided for as at 31 January 2021 in relation to property, plant and equipment were as follows:

	RM'000
Approved and contracted for	<u>467</u>

A10 Save for the event below, there were no changes in the composition of the Group for the current period ended 31 January 2021 including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operation.

The Group had subscribed for a total of 2,400,000 new ordinary shares, representing 20% equity interest of the enlarged issued share capital, in Berjaya Auto Alliance Sdn Bhd ("BAASB"). The principal activities of BAASB are distribution and retailing of Peugeot motor vehicles as well as retailing of parts and the provision of after sales services for Peugeot, Citroen and DS vehicles.

A11 There were no material changes in the contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2020.

A12 There were no audit qualifications in the annual financial statements for the financial year ended 30 April 2020.

A13 There were no material changes in estimates reported in the prior financial year that had a material effect in the current quarter ended 31 January 2021.

BERMAZ AUTO BERHAD**Company Registration No: 201001016854 (900557-M)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

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 are affected by, among others, regulations and policies governing the importation of completely built-up ("CBU") vehicles (for the domestic and the Philippine markets), foreign exchange fluctuations, changes in consumer preferences and spending trend, economic, social and political conditions in countries where the Group operates or obtains its supplies of vehicles and global market and credit market volatility.

During the third quarter ended 31 January 2021, Berjaya Auto Alliance Sdn Bhd ("BAASB"), a 20% associated company of Bermaz Auto Berhad, was awarded the sole distributorship of new vehicles under the Peugeot marque and the rights of aftersales and spare parts distribution for vehicles under Peugeot, Citroen and DS marque in Malaysia by Groupe PSA, SA of France. The contribution by BAASB to the Group was immaterial during the quarter under review as the company had just commenced operations.

The COVID-19 pandemic had resulted in unprecedented preventive measures of varying degrees of global population lockdown to curb the outbreak. The lockdown has caused the temporary closure of almost all businesses in many countries. However, some countries are seeing signs of recovery and are gradually opening up their economies and imposing less stringent preventive measures.

As for Malaysia, the Malaysian Government had imposed Movement Control Order ("MCO 1.0") from 18 March 2020, which requires temporary closure of almost all business except for those involved in the provision of essential services and products. From 4 May 2020, the MCO was then replaced by the Conditional Movement Control Order ("CMCO"), where most economic sectors and activities are allowed to operate while observing the business standard operation procedures. Subsequently, the CMCO was replaced with the Recovery Movement Control Order ("RMCO") phase from 10 June till 31 December 2020 where interstate travel is allowed in certain states. During this period, there are certain states and districts such as Klang Valley which was placed under a CMCO with prohibition of inter-district movement. Due to the resurgence of COVID-19 cases, a second MCO ("MCO 2.0") and CMCO were imposed in January 2021. The MCO 2.0 was eventually replaced by the CMCO from 5 March 2021.

Similarly, in the Philippines, the Philippine government had also imposed Enhanced Community Quarantine ("ECQ") from 17 March 2020 where residents are required to stay at home. It was then replaced by the General Community Quarantine ("GCQ") on 1 June 2020, which is generally less stringent than ECQ, where public transportation is allowed at a reduced capacity and selected businesses are allowed to operate at 50% to 100% workforce depending on the industry.

Review of results of current quarter vs preceding year same quarter

	3-Month Ended		
	31/1/2021	31/1/2020	+/(-)
	RM'000	RM'000	%
Group revenue	<u>597,980</u>	<u>467,463</u>	<u>27.9</u>
Profit from operations	<u>35,590</u>	<u>26,957</u>	<u>32.0</u>
Profit before tax	<u>42,208</u>	<u>34,347</u>	<u>22.9</u>

For the quarter ended 31 January 2021, the Group reported a higher revenue and pre-tax profit of RM598.0 million and RM42.2 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM467.5 million and RM34.3 million respectively.

Group revenue has improved by RM130.5 million or 27.9% largely due to improvement in sales volume from the domestic operations despite the impact of the COVID-19 pandemic, partly offset by lower sales volume from the Philippines operations. The improvement in sales volume for the domestic operations was mainly attributed to the positive impact from the Short-Term Recovery Plan ("Penjana") economic stimulus package introduced by the Government in June 2020 which provides 100% sales tax exemption on CKD vehicles and 50% sales tax exemption on CBU vehicles for the period from 15 June 2020 to 31 December 2020. The market has also reacted positively to our aggressive promotional campaign with free 6 years of warranty and 6 years of free maintenance to boost sales. Sales volume in the Philippines continue to be negatively impacted by the COVID-19 pandemic.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

In line with the increase in revenue, the Group's pre-tax profit also increased by RM7.9 million or 23.0% largely due to higher profit contribution from the domestic operations, partly offset by lower contribution from the Philippines operations and lower share of profit contribution from one of its associated companies, Mazda Malaysia Sdn Bhd ("MMSB"). Higher profit contribution from the domestic operations was mainly from higher unit sales as explained above.

Lower contribution from the Philippines operations was mainly due to lower sales volume as a result of the sluggish Philippine economy due to the COVID-19 pandemic. Lower profit contribution from MMSB was mainly due to the drop in unit sales from both the domestic and export markets during the CMCO period.

The Group has also accounted for the expense relating to the Group's Employees' Share Scheme of about RM0.6 million in the current quarter under review as compared to RM0.8 million in the preceding year corresponding quarter.

Review of results for the 9-month period

	9-Month Ended		
	31/1/2021	31/1/2020	+/(-)
	RM'000	RM'000	%
Group revenue	<u>1,646,718</u>	<u>1,459,676</u>	<u>12.8</u>
Profit from operations	<u>88,068</u>	<u>105,881</u>	<u>(16.8)</u>
Profit before tax	<u>89,223</u>	<u>128,572</u>	<u>(30.6)</u>

For the 9-month period ended 31 January 2021, the Group registered a higher revenue and lower pre-tax profit of RM1.65 billion and RM89.2 million respectively as compared to the preceding year corresponding period which reported a revenue and pre-tax profit of RM1.46 billion and RM128.6 million respectively.

For the same reason as the current quarter under review, the increase in Group revenue of RM187.0 million or 12.8% was largely due to higher sales volume from the domestic operations, though it was partly offset by lower sales volume from the Philippines operations.

The higher domestic sales volume for the cumulative 9-month period was mainly attributed to the improved sales volume in the second and third quarter as a result of the positive impact from the introduction of economic stimulus package under Penjana as well as from the aggressive promotional campaign introduced by the Group as explained above. Sales volume for the Philippines operations however, remains low due to the impact of COVID-19 pandemic where consumer sentiment has softened and stricter financing processing by the local financial institutions.

The Group's pre-tax profit has however dropped by RM39.4 million or 30.6%, in spite of higher revenue, largely due to lower contribution from both the domestic and the Philippines operations as well as lower share of profit contribution from MMSB. Profit contribution from the domestic operations was lower in spite of higher unit sales, mainly attributed to lower gross profit margin arising from change in sales mix and more aggressive promotional activities. Lower contribution from the Philippines operations was attributed to lower unit sales as a result of the COVID-19 pandemic. Lower share of profit contribution from MMSB was mainly due to significant drop in unit sales from both the domestic and export markets during the MCO and CMCO periods.

The Group has also accounted for the expense relating to the Group's Employees' Share Scheme of about RM2.2 million in the period under review as compared to RM3.2 million in the preceding year corresponding period.

B2 Review of results of current quarter vs preceding quarter

	3-Month Ended		
	31/1/2021	31/10/2020	+/(-)
	RM'000	RM'000	%
Group revenue	<u>597,980</u>	<u>599,844</u>	<u>(0.3)</u>
Profit from operations	<u>35,590</u>	<u>33,986</u>	<u>4.7</u>
Profit before tax	<u>42,208</u>	<u>33,900</u>	<u>24.5</u>

BERMAZ AUTO BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

For the quarter ended 31 January 2021, the Group reported a marginally lower revenue of RM598.0 million and higher pre-tax profit of RM42.2 million as compared to the Group revenue of RM599.8 million and pre-tax profit of RM33.9 million for the preceding quarter.

The Group pre-tax profit for the current quarter under review has increased by RM8.3 million or 24.5% mainly attributed to improvement in the profit contributions from the domestic operations and the turnaround from share of loss to share of profit contribution from MMSB, arising from the improved sales volume, partly offset by lower contribution from the Philippines operations.

B3 Future prospects

The recent third wave of COVID-19 cases in Malaysia had caused the re-imposition of containment measures such as MCO 2.0 and CMCO throughout the country, although generally less restrictive compared to MCO 1.0 imposed in March 2020.

In Bank Negara Malaysia's Quarterly Bulletin for 4th Quarter of 2020 published in February 2021, it was reported that the Malaysian economy had contracted by 3.4% in the 4th quarter (3Q 2020: -2.6%) mainly due to the imposition of CMCO on a number of states since mid-October 2020. For 2020 as a whole, the economy contracted by 5.6%. The restrictions on mobility, especially on inter-district and inter-state travel, had impacted the economic activities during the 4th quarter. Except for manufacturing, all other economic sectors continued to record negative growth. The economic growth in 2021 is however projected to improve from 2nd quarter onwards, which will be driven by recovery from global demand, turnaround in public and private sector expenditure amid continued support from policy measures such as PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI as well as higher production from manufacturing and mining sectors. The implementation of the coronavirus vaccination programme is also expected to lift market sentiments.

The Malaysian Automotive Association ("MAA") had, in its press release in February 2021, reported that vehicles sales for January 2021 fell by 24% to 32,829 units compared to 42,942 units in the same month last year. Traffic volume in showrooms declined during MCO 2.0 due to restriction on movements, which was partly mitigated by the introduction of virtual showrooms, which led to online bookings. MAA has forecasted that total industry volume ("TIV") in 2021 will grow by about 8% to 570,000 units, underpinned by the projected gross domestic product ("GDP") growth of between 6.5% and 7.5% in 2021 and continued support from the Government. Automotive players have benefitted from the extension of deadlines (i.e. from 31 December 2020 to 30 June 2021) for sales tax exemptions on CKD (100%) and CBU (50%) vehicles as announced by the Government on 29 December 2020. The automotive market is expected to recover from the impact of MCO 2.0 by the 1st half of 2021, particularly after the scheduled nationwide coronavirus vaccination programme.

The Philippines ended the pandemic year of 2020 with its worst economic performance. According to the Philippine Statistics Authority report in January 2021, the country's GDP had contracted 9.5% in 2020 due to the COVID-19 pandemic. It was the country's first annual contraction since 1998 - a year after the Asian financial crisis erupted. The automotive industry in the Philippines had contracted by more than 40% compared to previous year. The Philippines has the second-highest number of COVID-19 cases in Southeast Asia, after Indonesia. The Philippine government however expects the country's economy to grow between 6.5% to 7.5% in 2021 due to the further re-opening of the economy and when coronavirus vaccinations begin in the later part of the year.

The current and preceding quarters financial results for the Group has been encouraging due to, inter-alia, the sales tax exemptions on vehicles, aggressive promotional campaign and introduction of on-line tools such as live chats and virtual showrooms. The recent spike in COVID-19 cases and imposition of MCO 2.0 and CMCO, although less stringent compared to last year, will still have an impact on the Malaysian economy. It is hopeful that the coronavirus vaccination programme (which is implemented in phases) will be successful in creating herd immunity and as such, it will curb the COVID-19 pandemic. The Group is still cautious and expects the automotive sector to remain challenging in 2021. Launching of new and/or new facelift Mazda models are still very much dependent on market sentiments and economic conditions.

Premised on the foregoing, the Directors anticipate the performance of the Group for the remaining quarter ending 30 April 2021 to remain challenging.

BERMAZ AUTO BERHAD**Company Registration No: 201001016854 (900557-M)**

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B4 There were no profit forecast or profit guarantee for the financial period ended 31 January 2021.

B5 The taxation charge for the current quarter/period ended 31 January 2021 are detailed as follows:

	Current Quarter RM'000	Financial Period to date RM'000
Based on the results for the current quarter/period:-		
Current period provision		
- In Malaysia	15,355	31,466
- Outside Malaysia	260	647
Deferred tax	(5,505)	(8,108)
Over provision in prior years	(471)	(471)
	<u>9,639</u>	<u>23,534</u>

The disproportionate tax charge of the Group for the current quarter and period ended 31 January 2021 was mainly due to certain expenses or losses being disallowed for tax purposes, different foreign tax rate and the inclusion of the share of results of associates which is presented net of tax.

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

	Current Quarter RM'000	Financial Period to date RM'000
Interest income from financial institutions	(1,715)	(3,741)
Loss on disposal of property, plant and equipment	14	17
Depreciation of property, plant and equipment	1,193	3,689
Depreciation of right-of-use assets	2,713	8,344
Impairment/(Reversal) loss on receivables	324	(1,556)
Interest expense on borrowings	1,556	6,971
Interest expense on lease liabilities	846	2,635
Unwinding discount on provision for restoration costs (net)	46	137
Provision for and write off of inventories	937	2,697
Foreign exchange gain (net)	<u>(846)</u>	<u>(1,952)</u>

B7 On 18 December 2020, the Group announced the issuance of Sukuk pursuant to an Islamic 7-year Commercial Papers (ICPs) and an Islamic Perpetual Medium Term Notes (IMTNs) Programme subject to a combined aggregate limit of RM500 million in nominal value (collectively, Sukuk Wakalah Programmes).

B8 Group borrowings and debt securities as at 31 January 2021 were as follows:

		At end of current period RM'000
Short term borrowings		
<u>Unsecured</u>	Foreign currency amount	
Denominated in:	'000	
Ringgit Malaysia		# 100,000
Philippine Peso	295,478 *	<u>24,881</u>
		124,881
Long term borrowings		
<u>Unsecured</u>		
Denominated in Ringgit Malaysia		## <u>100,000</u>
		<u>224,881</u>

* Converted at the exchange rate prevailing as at 31 January 2021.

First tranche of ICPs totalling RM100 million in nominal value with a tenure of six (6) months.

First tranche of IMTNs totalling RM100 million in nominal value with a tenure of three (3) years.

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

B10 The Board has approved and declared a third interim dividend of 1.5 sen single-tier dividend per share in respect of financial year ending 30 April 2021 (previous year corresponding quarter ended 31 January 2020: 1.45 sen single-tier dividend per share) to be payable on 6 May 2021. The entitlement date has been fixed on 19 April 2021. This will bring the total dividend declared for the financial period ended 31 January 2021 to be 3.25 sen single-tier dividend per share (previous financial period ended 31 January 2020: 7.45 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 4.30 p.m. on 19 April 2021 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

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

	Group (3-month period)			
	31/1/2021	31/1/2020	31/1/2021	31/1/2020
	RM'000		sen	
Net profit for the quarter	<u>33,082</u>	<u>27,150</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,161,413</u>	<u>1,161,961</u>		
Basic earnings per share			<u>2.85</u>	<u>2.34</u>
Net profit for the quarter	<u>33,082</u>	<u>27,150</u>		
Number of shares used in the calculation of basic earnings per share ('000)	1,161,413	1,161,961		
Number of shares assuming vesting of ESS ('000)	<u>2,981</u>	<u>3,429</u>		
	<u>1,164,394</u>	<u>1,165,390</u>		
Diluted earnings per share			<u>2.84</u>	<u>2.33</u>

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	Group (9-month period)			
	31/1/2021	31/1/2020	31/1/2021	31/1/2020
	RM'000		sen	
Net profit for the period	<u>67,117</u>	<u>98,053</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,161,909</u>	<u>1,161,431</u>		
Basic earnings per share			<u>5.78</u>	<u>8.44</u>
Net profit for the period	<u>67,117</u>	<u>98,053</u>		
Number of shares used in the calculation of basic earnings per share ('000)	1,161,909	1,161,431		
Number of shares assuming vesting of ESS ('000)	<u>2,981</u>	<u>3,429</u>		
	<u>1,164,890</u>	<u>1,164,860</u>		
Diluted earnings per share			<u>5.76</u>	<u>8.42</u>
c.c. Securities Commission				