

Bermaz Auto Berhad

Company Registration No: 201001016854 (900557-M)

Date: 13 December 2021

Subject: **UNAUDITED QUARTERLY (Q2) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 OCTOBER 2021**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended		Year to date ended	
	31/10/2021 RM'000	31/10/2020 RM'000	31/10/2021 RM'000	31/10/2020 RM'000
GROUP REVENUE	483,838	599,844	804,630	1,048,738
PROFIT FROM OPERATIONS	31,676	33,986	47,995	52,478
Investment related income	1,325	1,393	3,186	2,026
Finance costs	(2,369)	(3,230)	(5,155)	(7,295)
Share of results of associates	2,917	1,751	2,000	(194)
PROFIT BEFORE TAX	33,549	33,900	48,026	47,015
INCOME TAX EXPENSE	(8,627)	(9,367)	(12,764)	(13,895)
PROFIT AFTER TAX	24,922	24,533	35,262	33,120
OTHER COMPREHENSIVE ITEM				
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation	(3,325)	(826)	(3,992)	536
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	21,597	23,707	31,270	33,656
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	26,039	24,790	36,306	34,035
- Non-controlling interests	(1,117)	(257)	(1,044)	(915)
	24,922	24,533	35,262	33,120
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	23,994	24,303	33,851	34,363
- Non-controlling interests	(2,397)	(596)	(2,581)	(707)
	21,597	23,707	31,270	33,656
EARNINGS PER SHARE (SEN)				
-Basic, for the period	2.24	2.13	3.13	2.93
-Diluted, for the period	2.24	2.13	3.12	2.92

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 OCTOBER 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/10/2021 RM'000	Group As at 30/4/2021 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	35,976	37,243
Right-of-use assets	83,790	63,685
Other investment	1,971	139
Associated companies	232,626	233,306
Deferred tax assets	78,772	74,726
Goodwill	500	500
	<u>433,635</u>	<u>409,599</u>
Current Assets		
Inventories	266,764	277,816
Trade and other receivables	211,421	148,451
Tax recoverable	281	2,539
Deposits with financial institutions	369,178	477,685
Cash and bank balances	110,461	85,671
	<u>958,105</u>	<u>992,162</u>
TOTAL ASSETS	<u><u>1,391,740</u></u>	<u><u>1,401,761</u></u>
EQUITY AND LIABILITIES		
Share capital	609,361	609,341
Reserves	<u>(48,632)</u>	<u>(39,990)</u>
	560,729	569,351
Treasury shares	<u>(3,934)</u>	<u>(3,934)</u>
	556,795	565,417
Non-controlling interests	<u>50,106</u>	<u>46,657</u>
Total Equity	<u><u>606,901</u></u>	<u><u>612,074</u></u>
Non-current Liabilities		
Lease liabilities	78,709	59,662
Borrowings	99,797	99,769
Contract liability	151,304	130,020
Provisions	<u>56,049</u>	<u>49,090</u>
	<u>385,859</u>	<u>338,541</u>
Current Liabilities		
Lease liabilities	12,385	9,714
Borrowings	100,000	105,658
Trade and other payables	217,890	247,572
Contract liability	41,579	51,777
Provisions	23,814	27,270
Derivative liability	326	-
Tax payable	<u>2,986</u>	<u>9,155</u>
	<u>398,980</u>	<u>451,146</u>
Total Liabilities	<u><u>784,839</u></u>	<u><u>789,687</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,391,740</u></u>	<u><u>1,401,761</u></u>
Basic net assets per share (sen)	47.94	48.68
Dilutive net assets per share (sen)	48.74	49.49

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 OCTOBER 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company										
	Non-distributable					Distributable					
	Share capital RM'000	Employees' share plan reserves RM'000	Exchange reserve RM'000	Consolidation reserve RM'000	Fair value through other comprehensive income reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 May 2021	609,341	7,065	1,125	32,981	(1,666)	(424,000)	344,505	(3,934)	565,417	46,657	612,074
Total comprehensive income	-	-	(2,455)	-	-	-	36,306	-	33,851	(2,581)	31,270
Transactions with owners:											
Share-based payment under ESS	-	1,080	-	-	-	-	-	-	1,080	-	1,080
ESS options forfeited	20	(20)	-	-	-	-	-	-	-	-	-
Arising from acquisition of subsidiary company	-	-	-	-	-	-	-	-	-	6,030	6,030
Interim dividend #	-	-	-	-	-	-	(17,421)	-	(17,421)	-	(17,421)
Special dividend ^	-	-	-	-	-	-	(20,325)	-	(20,325)	-	(20,325)
Interim dividend *	-	-	-	-	-	-	(5,807)	-	(5,807)	-	(5,807)
	20	1,060	-	-	-	-	(43,553)	-	(42,473)	6,030	(36,443)
At 31 October 2021	609,361	8,125	(1,330)	32,981	(1,666)	(424,000)	337,258	(3,934)	556,795	50,106	606,901

	Attributable to the equity holders of the Company										
	Non-distributable					Distributable					
	Share capital RM'000	Employees' share plan reserves RM'000	Exchange reserve RM'000	Consolidation reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
As 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	-	-	328	-	-	34,035	-	34,363	(707)	33,656	
Transactions with owners:											
Share-based payment under ESS	-	1,591	-	-	-	-	-	1,591	-	1,591	
ESS options forfeited	4	(4)	-	-	-	-	-	-	-	-	
Treasury shares acquired	-	-	-	-	-	-	(632)	(632)	-	(632)	
Interim dividend +	-	-	-	-	-	(5,809)	-	(5,809)	-	(5,809)	
	4	1,587	-	-	-	(5,809)	(632)	(4,850)	-	(4,850)	
At 31 October 2020	608,827	6,759	1,915	32,981	(424,000)	276,320	(3,234)	499,568	50,446	550,014	

Notes:

- # Fourth interim dividend of 1.50 sen single-tier dividend per share in respect of financial year ended 30 April 2021.
 ^ Special dividend of 1.75 sen single-tier dividend per share in respect of financial year ended 30 April 2021.
 * First interim dividend of 0.50 sen single-tier dividend per share in respect of financial year ending 30 April 2022.
 + First interim dividend of 0.50 sen single-tier dividend per share in respect of financial year ended 30 April 2021.

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 OCTOBER 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	31/10/2021	31/10/2020
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	771,143	1,051,476
Payment to suppliers and operating expenses	(738,736)	(742,970)
Payment of taxes	(19,504)	(16,429)
Net cash flow generated from operating activities	<u>12,903</u>	<u>292,077</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	1
Acquisition of investments in subsidiaries (net of cash acquired)	3,351	-
Acquisition of investments in associates	(1)	-
Acquisition of property, plant and equipment	(1,675)	(1,252)
Acquisition of other investment	(1,837)	-
Interest received	3,691	2,305
Net cash flow generated from investing activities	<u>3,529</u>	<u>1,054</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Purchase of treasury shares	-	(460)
Net movement in borrowings	(31,488)	(9,182)
Interest paid	(2,920)	(5,722)
Dividends paid	(55,167)	(16,852)
Payment of lease liabilities	(7,611)	(6,440)
Net cash flow used in financing activities	<u>(97,186)</u>	<u>(38,656)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(80,754)	254,475
OPENING CASH AND CASH EQUIVALENTS	563,356	100,220
Effect of exchange rate changes	(3,023)	393
CLOSING CASH AND CASH EQUIVALENTS	<u>479,579</u>	<u>355,088</u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	369,178	294,834
Cash and bank balances	<u>110,461</u>	<u>60,254</u>
	479,639	355,088
Less : Cash and cash equivalent restricted for use	(60)	-
	<u>479,579</u>	<u>355,088</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 OCTOBER 2021

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 2021. 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 2021.

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 2021 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 2021.

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, due to the resurgence of COVID-19 cases, a second MCO ("MCO 2.0") and third MCO ("MCO 3.0") were imposed in January and May 2021 respectively. In June 2021, a full lockdown was imposed under MCO 3.0 ("FMCO") throughout the country where only selected essential economic sectors are allowed to operate. 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.

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

- A4 As at 31 October 2021, the issued and paid up ordinary share capital of the Company was RM609,361,416. 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 2021	1,163,927,188	609,340,836
Transfer of reserve arising from forfeiture of ESS	-	20,580
As at 31 October 2021	<u>1,163,927,188</u>	<u>609,361,416</u>

ESS

As at 31 October 2021, the total number of unexercised ESS options (with exercise price of RM1.85 each) was 7,903,400 and the total number of ESS shares that have not been vested was 2,930,400.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

A5 There was no share buyback during the financial period ended 31 October 2021.

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

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares as at 31 October 2021	1.57	2,499,200	3,934

As at 31 October 2021, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 1,161,428,000 (31 October 2020: 1,161,630,000) ordinary shares.

- A6 During the financial period ended 31 October 2021, the Company paid the following dividends:
- third interim dividend of 1.50 sen single-tier dividend per share amounting to a total of RM17.422 million in respect of the financial year ended 30 April 2021 on 6 May 2021.
 - fourth interim dividend of 1.50 sen single-tier dividend per share and a special dividend of 1.75 sen single-tier dividend per share on aggregate amounting to RM37.746 million in respect of the financial year ended 30 April 2021 on 5 August 2021.

Subsequent to 31 October 2021, the Company paid a first interim dividend of 0.50 sen single-tier dividend per share amounting to a total of RM5.807 million in respect of the financial year ending 30 April 2022 on 5 November 2021.

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

REVENUE

Malaysia
Philippines

Total revenue

**Consolidated
RM'000**

720,253
84,377

804,630

RESULTS

Malaysia
Philippines

Unallocated corporate items
Profit from operations
Investment related income
Finance costs
Share of results of associates
Profit before tax
Income tax expense
Profit after tax

RM'000

46,426
2,266
48,692

(697)

47,995

3,186

(5,155)

2,000

48,026

(12,764)

35,262

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

DISAGGREGATION OF REVENUE

	6 months ended	
	31/10/2021	31/10/2020
	RM'000	RM'000
Sale of motor vehicles	714,684	958,306
Sale of spare parts	67,878	62,454
Maintenance and fitting of motor vehicle accessories services	22,068	27,978
Group revenue	<u>804,630</u>	<u>1,048,738</u>
Timing of revenue recognition:		
- at a point in time	780,123	1,018,122
- over time	24,507	30,616
Group revenue	<u>804,630</u>	<u>1,048,738</u>

A8 There were no other 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 October 2021 in relation to property, plant and equipment were as follows:

	RM'000
Approved and contracted for	<u>7,412</u>

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

On 8 June 2021, the Group acquired an additional 4,200,000 ordinary shares representing 35% equity interest in Bermaz Auto Alliance Sdn Bhd (formerly known as Berjaya Auto Alliance Sdn Bhd)("BAASB") from Berjaya Corporation Berhad for a cash consideration of RM4,578,000 or at RM1.09 per share. As a result, BAASB is now a 55% owned subsidiary of the Group. 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 marque vehicles in Malaysia.

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 2021.

A12 There were no audit qualifications in the annual financial statements for the year ended 30 April 2021.

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 October 2021.

BERMAZ AUTO BERHAD

Company Registration No: 201001016854 (900557-M)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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 last financial year ended 30 April 2021, the Group had ventured into the distributions and provisions of aftersales services and spare parts of two new vehicles marques namely, Peugeot and Kia, as well as in the wholesaling and retailing of automotive spare parts of these marques.

Bermaz Auto Alliance Sdn Bhd (formerly known as Berjaya Auto Alliance Sdn Bhd) ("BAASB"), which was then a 20% associated company of the Group, was awarded the sole distributorship of new vehicles under the Peugeot marque and the rights of aftersales and spare parts distribution for vehicles under the Peugeot, Citroen and DS marque vehicles in Malaysia. During the first quarter ended 31 July 2021, the Group had acquired a further 35% stake in BAASB from one of its existing shareholders and BAASB has then become a 55% owned subsidiary of the Group.

The Group entered into a joint venture with Kia Corporation, Korea and formed Kia Malaysia Sdn Bhd, which it holds a 33.33% stake, to undertake the assembly of Kia CKD vehicles in Malaysia. The Group also concurrently formed a 65% owned subsidiary known as Dinamikjaya Motors Sdn Bhd to undertake the sole distribution and provision of parts and aftersales services of Kia marque vehicles in Malaysia.

Apart from the above ventures, the Group had also formed a 51% owned subsidiary known as Bermaz Auto Parts Sdn Bhd to undertake the distribution and retailing of automotive spare parts of multi brands and provision of aftersales services in Malaysia.

The aforementioned business ventures are in their infant stages with minimal contribution to the current financial period under review.

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.

The Malaysian Government had since March 2020 introduced various measures to curb the COVID-19 pandemic, such as the Movement Control Order ("MCO") 1.0, 2.0 and 3.0, Conditional Movement Control Order ("CMCO"), Recovery Movement Control Order ("RMCO"), Full Movement Control Order ("FMCO"), Phase 1-4 of the National Recovery Plan ("NRP") on the entire nation. During these periods, restrictions were imposed on the economic activities depending on the severity of the COVID-19 cases in the relevant states, including temporary closure of almost all businesses except for those involved in the provision of essential services and products. In addition, Enhanced Movement Control Order ("EMCO"), which has stricter restrictions compared to Phase 1 of the NRP, was imposed in specific areas or localities to curb the sudden surge in COVID-19 cases.

Similarly, 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 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. However, the ECQ was re-imposed on several localities such as in Metro Manila for the period from 6 August 2021 to 20 August 2021 to curb the spread of the highly contagious Delta variant. It was downgraded to Modified Enhanced Community Quarantine ("MECQ") classification from 21 August 2021 to 15 September 2021. Thereafter, Metro Manila was then placed under a new COVID-19 Alert Level and Granular Lockdowns System, whereby movement restrictions become stricter as the alert level number increases and more precise quarantine are enforced in areas that are tagged as "critical zones" or are high-risk. The Philippines is among the countries in the world with the longest lockdown period.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2021

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

Review of results of current quarter vs preceding year same quarter

	3-Month Ended		
	31/10/2021	31/10/2020	+ / (-)
	RM'000	RM'000	%
Group revenue	<u>483,838</u>	<u>599,844</u>	<u>(19.3)</u>
Profit from operations	<u>31,676</u>	<u>33,986</u>	<u>(6.8)</u>
Profit before tax	<u>33,549</u>	<u>33,900</u>	<u>(1.0)</u>

For the quarter ended 31 October 2021, the Group reported a lower revenue and a marginally lower pre-tax profit of RM483.8 million and RM33.5 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM599.8 million and RM33.9 million respectively. Group revenue decreased by RM116.0 million or 19.3% largely due to reduction in sales volume from the domestic operations attributed to the lockdown during the NRP where showrooms were only allowed to operate subject to strict compliances with certain SOPs such as full vaccination of staff and customers, shortened interaction time between staff and customers etc.

In line with the reductions in revenue, the Group's pre-tax profit has decreased slightly by RM0.4 million or 1.0% largely due to the initial operating losses from its newly start up Peugeot operations.

The Group has also accounted for the expense relating to the Group's Employees' Share Scheme amounting to RM0.5 million in the quarter under review as compared to RM0.8 million in the corresponding quarter of the preceding year.

Review of results for the 6-month period

	6-Month Ended		
	31/10/2021	31/10/2020	+ / (-)
	RM'000	RM'000	%
Group revenue	<u>804,630</u>	<u>1,048,738</u>	<u>(23.3)</u>
Profit from operations	<u>47,995</u>	<u>52,478</u>	<u>(8.5)</u>
Profit before tax	<u>48,026</u>	<u>47,015</u>	<u>2.2</u>

For the 6-month period ended 31 October 2021, the Group registered a lower revenue and comparable pre-tax profit of RM0.80 billion and RM48.0 million respectively as compared to the preceding year corresponding period which reported a revenue and pre-tax profit of RM1.05 billion and RM47.0 million respectively.

Group revenue has reduced by RM244.1 million or 23.3% largely due to lower sales volume, particularly during the first financial quarter, from the domestic operations attributed to the lockdown under Phase 1 of the NRP where non-essential business activities such as showrooms were only allowed to operate under certain strict conditions such as full vaccinations for both staff and customers etc.

The Group's pre-tax profit has however increased marginally by RM1.0 million or 2.2%, despite lower revenue, largely due to higher profit contribution from the domestic operations but was partly offset by initial operating losses from its newly start up Peugeot operations.

Despite lower unit sales recorded for the domestic Mazda's operations, profit contribution from the domestic operations improved due to changes in sales mix.

The Group has also accounted for the expense relating to the Group's Employees' Share Scheme of about RM1.1 million in the period under review as compared to RM1.6 million in the corresponding period.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2021

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B2 Review of results of current quarter vs preceding quarter

	3-Month Ended		
	31/10/2021	31/7/2021	+ / (-)
	RM'000	RM'000	%
Group revenue	<u>483,838</u>	<u>320,792</u>	<u>50.8</u>
Profit from operations	<u>31,676</u>	<u>16,319</u>	<u>94.1</u>
Profit before tax	<u>33,549</u>	<u>14,477</u>	<u>131.7</u>

For the quarter ended 31 October 2021, the Group reported higher revenue of RM483.8 million and higher pre-tax profit of RM33.5 million as compared to the Group revenue of RM320.8 million and pre-tax profit of RM14.5 million for the preceding quarter.

Group revenue has improved by RM163.0 million or 50.8% largely due to improved sales volume recorded from the domestic operations in September and October 2021 with the relaxation of containment measures as the country gradually moved to Phase 2 and 3 of the NRP compared to stricter containment measures under Phase 1 of the NRP in the preceding quarter.

The Group pre-tax profit for the current quarter under review has also improved significantly by RM19.1 million or 131.7% mainly attributed to the improved sales volume from the domestic operations.

B3 Future prospects

In Bank Negara Malaysia ("BNM")'s report on Economic and Financial Developments in Malaysia in the Third Quarter of 2021 released in November 2021, it was reported that the country's economy had contracted by 4.5% in the third quarter of 2021 (2Q 2021: +16.1%), which was largely attributable to strict containment measures particularly in July 2021, under Phase 1 of the NRP. Economic activity subsequently picked up as more States transitioned into Phase 2 with less restrictive containment measures. For 2021, the domestic economy is on track to expand by 3.0% - 4.0%. Growth will be supported by the increase in economic activities as containment measures are progressively eased, amid continued policy support. In addition, the strength in global demand will continue to support export growth.

The Malaysian Automotive Association ("MAA") had released its statistics in November 2021 where the Total Industry Volume ("TIV") in October 2021 had increased by 10.0% year-on-year to 63,489 units compared to 57,695 units in the corresponding period a year ago. Year-to-date TIV for October 2021 eased by 4.8% to 382,379 units from 401,714 units registered in the same period last year and was mainly due to shortage of computer chips of certain makes and orders cancellation in earlier months. Sales for October 2021 was 43.4% higher than September 2021 mainly due to full and longer month of business operations nationwide and companies began to ramp up their production and deliveries of vehicles to fulfil backlog orders.

In the Philippines, the Philippines Statistics Authority had reported in November 2021 that the country's Gross Domestic Product ("GDP") had contracted by 4.9% to 7.1% in the third quarter of calendar year 2021 compared to 12.0% in the second quarter mainly due to the tightening of movement restrictions in the third quarter to curb the delta variant surge in COVID-19 infections. Movement restrictions had since been eased as the number of infection cases receded.

The Group's current quarter financial results have been encouraging due to, inter-alia, the current sales tax exemptions on vehicles, and the gradual resumption of the economic activities in the country.

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In the recent Budget 2022, the sales tax exemptions for CBU and CKD vehicles which were scheduled to end in December 2021 had been further extended to 30 June 2022. Budget 2022 also proposed that full exemption of import and excise duties as well as sales tax be given for electric vehicles ("EV") to support the development of the local EV industry, which in turn will help to promote the development of green and low-carbon technologies and high-skilled green jobs in Malaysia. These developments augur well for the automotive market.

The unpredictable outbreaks of any new COVID-19 variants of concern ("VOCs") globally and/or domestically continues to be a major concern for all and will have an impact on the overall recovery of the economy. Hence, the Group is cautious and expects the automotive sector to remain challenging in the financial year 2022. Launching of new and/or new facelifts models of the Group's existing marques namely, Mazda, Peugeot and Kia, are still quite dependent on the market sentiments and economic conditions then.

Premised on the foregoing, the Directors anticipate that the performance of the Group for the remaining quarters of the financial year ending 30 April 2022 to remain challenging.

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

B5 The taxation charge for the current quarter/period ended 31 October 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	12,856	16,477
- Outside Malaysia	(101)	69
Deferred tax	<u>(4,128)</u>	<u>(3,782)</u>
	<u>8,627</u>	<u>12,764</u>

The disproportionate tax charge of the Group for the current quarter and period ended 31 October 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	(1,325)	(3,186)
Other income excluding dividend and interest income	-	(112)
Depreciation of property, plant and equipment	1,326	2,604
Depreciation of right-of-use assets	3,762	7,323
Impairment loss on receivables	1,300	2,218
Interest expense on borrowings	1,294	3,010
Interest expense on lease liabilities	1,030	2,056
Unwinding discount on provision for restoration costs (net)	45	89
Provision for and write off of inventories	352	1,931
Foreign exchange gain (net)	(1,731)	(2,361)
Fair value adjustment on derivatives	<u>773</u>	<u>326</u>

B7 There were no corporate proposals undertaken or announced but not completed at the date of this quarterly report.

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

	At end of current period RM'000
Short term borrowings	
<u>Unsecured</u>	
Denominated in Ringgit Malaysia	# 100,000
Long term borrowings	
<u>Unsecured</u>	
Denominated in Ringgit Malaysia	## <u>99,797</u>
	<u>199,797</u>
#	Second 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.

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

B10 The Board has approved and declared a second interim dividend of 1.50 sen single-tier dividend per share in respect of financial year ending 30 April 2022 (previous year's corresponding quarter ended 31 October 2020: 1.25 sen single-tier dividend per share) to be payable on 4 February 2022. The entitlement date has been fixed on 13 January 2022. The first interim dividend of 0.50 sen per share was paid on 5 November 2021. This will bring the total dividend declared for the financial period ended 31 October 2021 amounting to 2.00 sen single-tier dividend per share (previous financial period ended 31 October 2020: 1.75 sen single-tier dividend per share).

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

- Shares transferred to the Depositor's Securities Account before 4.30 p.m. on 13 January 2022 in respect of ordinary transfers.
- 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)			
	31/10/2021	31/10/2020	31/10/2021	31/10/2020
	RM'000		sen	
Net profit for the quarter	<u>26,039</u>	<u>24,790</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,161,428</u>	<u>1,162,133</u>		
Basic earnings per share			<u>2.24</u>	<u>2.13</u>
Net profit for the quarter	<u>26,039</u>	<u>24,790</u>		
Number of shares used in the calculation of basic earnings per share ('000)	1,161,428	1,162,133		
Number of shares assuming vesting of ESS ('000)	<u>2,930</u>	<u>3,402</u>		
	<u>1,164,358</u>	<u>1,165,535</u>		
Diluted earnings per share			<u>2.24</u>	<u>2.13</u>

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	Group (6-month period)			
	31/10/2021	31/10/2020	31/10/2021	31/10/2020
	RM'000		sen	
Net profit for the period	<u>36,306</u>	<u>34,035</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,161,428</u>	<u>1,162,157</u>		
Basic earnings per share			<u>3.13</u>	<u>2.93</u>
Net profit for the period	<u>36,306</u>	<u>34,035</u>		
Number of shares used in the calculation of basic earnings per share ('000)	1,161,428	1,162,157		
Number of shares assuming vesting of ESS ('000)	<u>2,930</u>	<u>3,402</u>		
	<u>1,164,358</u>	<u>1,165,559</u>		
Diluted earnings per share			<u>3.12</u>	<u>2.92</u>
c.c. Securities Commission				