

Berjaya Auto Berhad

Company No: 900557-M

Date: 8 September 2016

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2016**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended	
	31/07/2016	31/07/2015
	RM'000	RM'000
GROUP REVENUE	493,616	512,545
PROFIT FROM OPERATIONS	52,115	68,004
Investment related income	1,678	1,353
Finance costs	(230)	(42)
Share of results of associates	5,010	4,224
PROFIT BEFORE TAX	58,573	73,539
INCOME TAX EXPENSE	(14,324)	(18,509)
PROFIT AFTER TAX	44,249	55,030
OTHER COMPREHENSIVE ITEM		
Item that may be reclassified subsequently to profit or loss		
Foreign currency translation	3,010	2,202
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	47,259	57,232
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the parent	41,111	52,203
- Non-controlling interests	3,138	2,827
	44,249	55,030
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the parent	42,917	53,524
- Non-controlling interests	4,342	3,708
	47,259	57,232
EARNINGS PER SHARE (SEN)		
-Basic, for the period	3.59	4.58
-Diluted, for the period	3.55	4.51

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 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/07/2016 RM'000	Group As at 30/04/2016 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	23,791	24,020
Other investment	749	749
Associated companies	103,255	98,217
Deferred tax assets	45,045	44,372
Goodwill	500	500
	<u>173,340</u>	<u>167,858</u>
Current Assets		
Inventories	247,882	312,275
Trade and other receivables	125,024	96,026
Short term investment	18,152	5,000
Tax recoverable	28	23
Derivative asset	-	1,152
Deposits with financial institutions	57,632	240,037
Cash and bank balances	156,780	126,520
	<u>605,498</u>	<u>781,033</u>
TOTAL ASSETS	<u><u>778,838</u></u>	<u><u>948,891</u></u>
EQUITY AND LIABILITIES		
Share capital		
Reserves	573,705	573,336
	<u>(112,430)</u>	<u>(39,312)</u>
	461,275	534,024
Treasury shares	<u>(4,173)</u>	<u>(2,783)</u>
	457,102	531,241
Non-controlling interests	<u>39,307</u>	<u>31,773</u>
Equity funds	<u>496,409</u>	<u>563,014</u>
Non-current Liabilities		
Deferred revenue	69,079	66,970
Provisions	<u>19,515</u>	<u>16,938</u>
	<u>88,594</u>	<u>83,908</u>
Current Liabilities		
Trade and other payables	129,250	230,808
Provisions	12,160	15,046
Deferred revenue	49,400	45,492
Taxation	<u>3,025</u>	<u>10,623</u>
	<u>193,835</u>	<u>301,969</u>
Total Liabilities	<u>282,429</u>	<u>385,877</u>
TOTAL EQUITY AND LIABILITIES	<u><u>778,838</u></u>	<u><u>948,891</u></u>
Basic net assets per share (sen)	39.91	46.39
Dilutive net assets per share (sen)	40.69	47.06

Note:

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 BERHAD

 UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the equity holders of the Company

	Non-distributable					Distributable			Total RM'000	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	Consolidation reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000			
At 1 May 2016	573,336	13,277	9,150	1,985	-	(424,000)	360,276	(2,783)	531,241	31,773	563,014
Total comprehensive income	-	-	-	1,806	-	-	41,111	-	42,917	4,342	47,259
Transactions with owners:											
Share-based payment under ESOS	-	-	743	-	-	-	-	-	743	-	743
ESOS options exercised	369	450	(450)	-	-	-	-	-	369	-	369
Treasury shares acquired	-	-	-	-	-	-	-	(1,390)	(1,390)	-	(1,390)
Arising from dilution of equity interest in a subsidiary company	-	-	-	-	(2,242)	-	-	-	(2,242)	3,192	950
Interim dividends#	-	-	-	-	-	-	(114,536)	-	(114,536)	-	(114,536)
	369	450	293	-	(2,242)	-	(114,536)	(1,390)	(117,056)	3,192	(113,864)
At 31 July 2016	<u>573,705</u>	<u>13,727</u>	<u>9,443</u>	<u>3,791</u>	<u>(2,242)</u>	<u>(424,000)</u>	<u>286,851</u>	<u>(4,173)</u>	<u>457,102</u>	<u>39,307</u>	<u>496,409</u>
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	<u>570,061</u>	<u>9,240</u>	<u>9,835</u>	<u>3,139</u>	<u>-</u>	<u>(424,000)</u>	<u>293,691</u>	<u>(947)</u>	<u>461,019</u>	<u>22,637</u>	<u>483,656</u>

Notes:

* ESOS - Employees' Share Option Scheme.

Refer to Note A5.

+ Fourth interim dividend of 2.75 sen single-tier dividend per share and a special dividend of 3.25 sen single-tier dividend per share in respect of financial year ended 30 April 2015.

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

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2016	31/07/2015
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	485,957	511,814
Payment to suppliers and operating expenses	(492,248)	(484,985)
Payment of taxes	(22,210)	(21,324)
Net cash (used in)/generated from operating activities	<u>(28,501)</u>	<u>5,505</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	39	2
Sales of short term investment	5,108	-
Acquisition of property, plant and equipment	(1,149)	(842)
Acquisition of short term investment	(18,000)	-
Interest received	1,421	1,341
Net cash (used in)/generated from investing activities	<u>(12,581)</u>	<u>501</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	369	1,598
Issuance of share capital to non-controlling interests of a subsidiary	950	-
Sale of treasury shares	-	1,522
Acquisition of treasury shares	(1,390)	(2,408)
Interest paid	(205)	-
Dividend paid	(114,536)	(68,407)
Net cash used in financing activities	<u>(114,812)</u>	<u>(67,695)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(155,894)	(61,689)
OPENING CASH AND CASH EQUIVALENTS	366,557	280,770
Effect of exchange rate changes	3,749	2,787
CLOSING CASH AND CASH EQUIVALENTS	<u>214,412</u>	<u>221,868</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	57,632	139,572
Cash and bank balances	156,780	82,296
	<u>214,412</u>	<u>221,868</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 2016

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 2016. 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 2016.

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 2016.

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 2016.

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 2016, the issued and paid up ordinary share capital of the Company was RM573,705,294. 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 2016	1,146,672,188	573,336,094
ESOS exercised:		
ESOS (1st batch)	738,400	369,200
ESOS (2nd batch)	-	-
	738,400	369,200
As at 31 July 2016	<u>1,147,410,588</u>	<u>573,705,294</u>

ESOS

As at 31 July 2016,

- (a) the total number of unexercised ESOS (1st batch) was 15,456,000 shares, at the exercise price of RM0.50 each.
- (b) the total number of unexercised ESOS (2nd batch) was 4,240,600 shares, at the exercise price of RM2.18 each.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

The details of the share buyback during the financial period ended 31 July 2016 were as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
June 2016	2.19	2.25	2.22	625,000	1,390
			2.22	625,000	1,390

The number of treasury shares held in hand as at 31 July 2016 was as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 30 April 2016	1.99	1,400,000	2,783
Increase in treasury shares	2.22	625,000	1,390
Total treasury shares as at 31 July 2016	2.06	2,025,000	4,173

As at 31 July 2016, the number of outstanding shares in issue and fully paid up with voting rights (rounded to nearest thousand) was 1,145,385,000 (31 July 2015: 1,139,722,000) ordinary shares of RM0.50 each.

- A5 During the financial period ended 31 July 2016, the Company paid a fourth interim dividend of 2.50 sen single-tier dividend per share and a special dividend of 7.50 sen single-tier dividend per share amounting to a total of RM114.536 million in respect of the financial year ended 30 April 2016 on 26 July 2016.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

A6 Segment information for the financial period ended 31 July 2016:-

REVENUE	Total RM'000
Malaysia	404,522
Philippines	89,094
Total revenue	<u>493,616</u>
RESULTS	Total RM'000
Malaysia	40,850
Philippines	11,508
	<u>52,358</u>
Unallocated corporate items	(243)
Profit from operations	<u>52,115</u>
Investment related income	
- Interest income	1,418
- Others	260
	<u>1,678</u>
Finance costs	(230)
Share of results of associates	5,010
Profit before tax	<u>58,573</u>
Income tax expense	<u>(14,324)</u>
Profit after tax	<u>44,249</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 2016 including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operation except for the following:-

(a) During the period from July 2016 up to the date of this report, Bermaz Auto Philippines Inc.(formerly known as Berjaya Auto Philippines Inc.) ("BAP") raised a total of PHP78.1 million (about RM6.8 million) through placements of its shares. Consequent to these placements, the Group's equity interest in BAP was transitionally diluted from 60% to 57% as at 31 July 2016. Subsequent to the end of quarter 1, the Group subscribed for part of the BAP placements and thus the Group's equity interest increased from 57% to 60.4%.

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 2016.

A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2016.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016
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 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 2016, the Group recorded a revenue and pre-tax profit of RM493.6 million and RM58.6 million respectively, as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM512.5 million and RM73.5 million respectively.

Group revenue dropped by RM18.9 million or 3.7% mainly due to lower sales volume of Mazda vehicles in the domestic market but this was partially mitigated by favourable sales mix. The decrease in the sales volume of Mazda vehicles in Malaysia was largely attributed to poor consumer sentiment, uncertainties in the local and global economy, and supply constraint on certain CKD models as the contract assembler's plant in Kulim was shut down for about five weeks for the upgrading works of its paint shop. The drop in the Group's pre-tax profit of RM14.9 million or 20.3% was primarily due to lower revenue and compressed gross profit margin as Japanese Yen strengthened significantly against Ringgit Malaysia when compared to preceding year same quarter.

- B2 Current quarter vs preceding quarter

For the quarter ended 31 July 2016, the Group reported revenue of RM493.6 million and pre-tax profit of RM58.6 million, as compared to the Group revenue of RM534.7 million and Group pre-tax profit of RM73.3 million for the preceding quarter.

Compared to the preceding quarter, Group revenue for the current quarter dropped by RM41.1 million or 7.7% largely due to lower sales volume of Mazda vehicles in Malaysia and the Philippines. The decrease in sales volume of Mazda vehicles in Malaysia was mainly attributed to supply constraint on certain CKD models as mentioned in Note B1 above. In the Philippines, sale of its top selling Mazda3 model was affected by a competitor's newly launched model. In line with lower revenue, higher spending on advertising and promotion expenses, and marginal compression in gross profit margin, Group pre-tax profit for the current quarter decreased by RM14.7 million or 20.1%.

- B3 Future prospects

Domestic demand for passenger cars for the remaining quarters of the financial year is expected to be soft due to subdued consumer sentiment and uncertainties in the local and global economy. The weakening of Ringgit Malaysia against Japanese Yen remains an area of concern to the Malaysian operation as it will affect profit margin of CBU vehicles. Notwithstanding these challenges, the Group will take diligent steps to ensure the domestic operations continue to perform satisfactorily and maintain its profit and business sustainability. The Group will focus on selling more CKD vehicles in the domestic market as the purchase price is denominated in Ringgit Malaysia, thus mitigating some of the Group's foreign exchange exposure. Our associate company, Mazda Malaysia Sdn Bhd will continue to upgrade its paint shop in Kulim plant to increase its production capacity and maintain a sustainable growth path as more CKD vehicles will be produced in the future for both the domestic and export market.

In the Philippines, the Group expects the operations to remain on course to grow further as it continues to strengthen its presence by expanding dealer sales network and upgrading existing ones. At the same time, new models will be gradually introduced to ensure sustainability of sales volume growth.

- B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2016.

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter/period ended 31 July 2016 are detailed as follows:

	Current Quarter RM'000
Based on the results for the period:-	
Current period provision	
- In Malaysia	10,686
- Outside Malaysia	3,921
Deferred tax	(283)
	<u>14,324</u>

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

	Current Quarter RM'000
Interest income	(1,418)
Dividend income	-
Other income excluding dividend and interest income	(260)
Gain on disposal of property, plant and equipment	(11)
Depreciation of property, plant and equipment	1,467
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)	600
(Gain) or loss on derivatives (net)	<u>1,152</u>

B7 The Group does not have any borrowings and debt securities as at 31 July 2016.

B8 There were no material litigation for the current financial period.

B9 The Board has recommended a first interim dividend of 3 sen single-tier dividend per share in respect of the financial year ending 30 April 2017 to be payable on 21 October 2016. The entitlement date has been fixed on 6 October 2016. The total dividend declared for the financial period ended 31 July 2016 amounted to 3 sen single-tier dividend per share (previous financial period ended 31 July 2015: 2.25 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 October 2016 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 2016

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B10 The basic and diluted earnings per share are calculated as follows:

	Group (3-month period)			
	31/07/2016	31/07/2015	31/07/2016	31/07/2015
	RM'000		sen	
Net profit for the quarter	<u>41,111</u>	<u>52,203</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,145,435</u>	<u>1,139,412</u>		
Basic earnings per share			<u>3.59</u>	<u>4.58</u>
Net profit for the quarter	<u>41,111</u>	<u>52,203</u>		
Number of shares used in the calculation of basis earning per share ('000)	1,145,435	1,139,412		
Number of shares assuming exercise of employee share options (1st batch) ('000)	12,111	18,574		
Number of shares assuming exercise of employee share options (2nd batch) ('000)	<u>239</u>	<u>757</u>		
	<u>1,157,785</u>	<u>1,158,743</u>		
Dilutive earnings per share (Sen)			<u>3.55</u>	<u>4.51</u>

B11 Realised and unrealised earnings of the Group is analysed as follows:

	As at 31/7/2016 RM'000	As at 30/4/2016 RM'000 (Audited)
Total retained earnings of the Company and its subsidiaries:		
- realised	213,688	294,062
- unrealised	<u>45,725</u>	<u>45,759</u>
	259,413	339,821
Share of results from associated companies	# <u>34,904</u>	<u>29,894</u>
	294,317	369,715
Less: Consolidation adjustments	(7,466)	(9,439)
Total group retained earnings as per consolidated accounts	<u>286,851</u>	<u>360,276</u>

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

c.c. Securities Commission