

# **Bermaz Auto Berhad**

Company Registration No: 201001016854 (900557-M)

Date: 11 June 2020

Subject: **UNAUDITED QUARTERLY (Q4) INTERIM FINANCIAL REPORT FOR  
THE PERIOD ENDED 30 APRIL 2020**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2020

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	3 months ended		Year to date ended	
	30/4/2020	30/4/2019	30/04/2020	30/04/2019
	RM'000	RM'000	RM'000	RM'000 (Audited)
GROUP REVENUE	299,360	538,277	1,759,036	2,519,862
PROFIT FROM OPERATIONS	2,212	67,108	108,093	282,259
Investment related income	818	2,184	3,794	8,814
Finance costs	(2,680)	(64)	(6,665)	(698)
Share of results of associates	2,849	8,380	26,549	50,190
PROFIT BEFORE TAX	3,199	77,608	131,771	340,565
INCOME TAX EXPENSE	(1,143)	(17,420)	(28,252)	(73,769)
PROFIT AFTER TAX	2,056	60,188	103,519	266,796
OTHER COMPREHENSIVE ITEM				
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation	7,627	1,941	8,510	6,795
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>9,683</u>	<u>62,129</u>	<u>112,029</u>	<u>273,591</u>
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	2,459	60,057	100,512	264,039
- Non-controlling interests	(403)	131	3,007	2,757
	<u>2,056</u>	<u>60,188</u>	<u>103,519</u>	<u>266,796</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	7,088	61,227	105,671	268,679
- Non-controlling interests	2,595	902	6,358	4,912
	<u>9,683</u>	<u>62,129</u>	<u>112,029</u>	<u>273,591</u>
EARNINGS PER SHARE (SEN)				
-Basic, for the period	<u>0.21</u>	<u>5.18</u>	<u>8.65</u>	<u>22.75</u>
-Diluted, for the period	<u>0.21</u>	<u>5.15</u>	<u>8.63</u>	<u>22.64</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 30 APRIL 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 30/4/2020 RM'000	Group As at 30/4/2019 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	38,437	27,148
Right-of-use assets	70,469	-
Other investment	2,771	1,261
Associated companies	210,387	183,838
Deferred tax assets	62,446	52,345
Goodwill	500	500
	<u>385,010</u>	<u>265,092</u>
<b>Current Assets</b>		
Inventories	679,175	283,976
Trade and other receivables	100,866	98,256
Tax recoverable	9,466	-
Derivative asset	-	138
Deposits with financial institutions	42,645	221,850
Cash and bank balances	48,461	98,316
	<u>880,613</u>	<u>702,536</u>
<b>TOTAL ASSETS</b>	<u>1,265,623</u>	<u>967,628</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	608,823	607,879
Reserves	(136,555)	(36,768)
	<u>472,268</u>	<u>571,111</u>
Treasury shares	(2,602)	(6,486)
	<u>469,666</u>	<u>564,625</u>
Non-controlling interests	50,937	45,218
<b>Total Equity</b>	<u>520,603</u>	<u>609,843</u>
<b>Non-current Liabilities</b>		
Lease liabilities	65,008	-
Contract liability	83,470	70,840
Provisions	35,777	35,064
	<u>184,255</u>	<u>105,904</u>
<b>Current Liabilities</b>		
Lease liabilities	9,141	-
Short term borrowings	137,827	-
Trade and other payables	326,998	169,386
Contract liability	49,919	41,617
Provisions	31,227	27,598
Taxation	5,653	13,280
	<u>560,765</u>	<u>251,881</u>
<b>Total Liabilities</b>	<u>745,020</u>	<u>357,785</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,265,623</u>	<u>967,628</u>
Basic net assets per share (sen)	40.41	48.69
Dilutive net assets per share (sen)	41.31	49.57

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 30 APRIL 2020  
 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 2019	607,879	2,299	(3,633)	32,981	(424,000)	355,585	(6,486)	564,625	45,218	609,843
Effect on adoption of MFRS 16	-	-	-	-	-	(845)	-	(845)	(639)	(1,484)
Adjusted balance 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	-	-	5,159	-	-	100,512	-	105,671	6,358	112,029
<b>Transactions with owners:</b>										
Share-based payment under ESS	-	3,908	-	-	-	-	-	3,908	-	3,908
ESS options exercised	910	(179)	-	-	-	-	-	731	-	731
ESS options forfeited	34	(34)	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	961	3,144	4,105	-	4,105
Reissued for ESS shares vested	-	(822)	-	-	-	82	740	-	-	-
Interim dividends#	-	-	-	-	-	(127,218)	-	(127,218)	-	(127,218)
Special dividend#	-	-	-	-	-	(81,311)	-	(81,311)	-	(81,311)
	944	2,873	-	-	-	(207,486)	3,884	(199,785)	-	(199,785)
At 30 April 2020	608,823	5,172	1,526	32,981	(424,000)	247,766	(2,602)	469,666	50,937	520,603

	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 2018	602,957	3,441	(8,273)	32,981	(424,000)	274,250	(4,593)	476,763	47,741	524,504
Effect on adoption of MFRS 9	-	-	-	-	-	(607)	-	(607)	-	(607)
Adjusted balance as at 1 May 2018	602,957	3,441	(8,273)	32,981	(424,000)	273,643	(4,593)	476,156	47,741	523,897
Total comprehensive income	-	-	4,640	-	-	264,039	-	268,679	4,912	273,591
<b>Transactions with owners:</b>										
Share-based payment under ESS	-	2,479	-	-	-	-	-	2,479	-	2,479
ESS/ESOS options exercised	2,279	(978)	-	-	-	-	-	1,301	-	1,301
ESS/ESOS options forfeited/expired	2,643	(2,643)	-	-	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	(6,486)	(6,486)	-	(6,486)
Sale of treasury shares	-	-	-	-	-	725	4,593	5,318	-	5,318
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(7,435)	(7,435)
Interim dividend+	-	-	-	-	-	(26,724)	-	(26,724)	-	(26,724)
Special dividend~	-	-	-	-	-	(31,371)	-	(31,371)	-	(31,371)
Interim dividend^	-	-	-	-	-	(29,057)	-	(29,057)	-	(29,057)
Interim dividend^^	-	-	-	-	-	(43,483)	-	(43,483)	-	(43,483)
Interim dividend^^^	-	-	-	-	-	(52,187)	-	(52,187)	-	(52,187)
	4,922	(1,142)	-	-	-	(182,097)	(1,893)	(180,210)	(7,435)	(187,645)
At 30 April 2019 (Audited)	607,879	2,299	(3,633)	32,981	(424,000)	355,585	(6,486)	564,625	45,218	609,843

Notes:

- \* Employees' share plan reserves relate to reserves of Employees' Share Option Scheme ("ESOS") and Employees' Share Scheme ("ESS").
- # Refer to Note A6.
- + Fourth interim dividend of 2.30 sen single-tier dividend per share in respect of financial year ended 30 April 2018.
- ~ Special dividend of 2.70 sen single-tier dividend per share in respect of financial year ended 30 April 2018.
- ^ First interim dividend of 2.50 sen single-tier dividend per share in respect of financial year ended 30 April 2019.
- ^^ Second interim dividend of 3.75 sen single-tier dividend per share in respect of financial year ended 30 April 2019.
- ^^^ Third interim dividend of 4.50 sen single-tier dividend per share in respect of financial year ended 30 April 2019.

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 30 APRIL 2020

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	12 months ended	
	30/04/2020	30/04/2019
	RM'000	RM'000
		(Audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	1,802,949	2,540,593
Payment to suppliers and operating expenses	(1,908,730)	(2,219,795)
Payment of taxes (net)	(54,713)	(71,875)
Net cash flow (used in)/generated from operating activities	<u>(160,494)</u>	<u>248,923</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	1	1
Acquisition of other investment	(1,510)	(576)
Acquisition of property, plant and equipment	(15,027)	(14,606)
Acquisition of unit trusts	-	(10,000)
Sales of unit trusts	-	9,999
Interest received	3,835	8,808
Net cash flow used in from investing activities	<u>(12,701)</u>	<u>(6,374)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	731	1,301
Treasury shares acquired	-	(6,486)
Resale of treasury shares	4,105	5,318
Dividends paid to non-controlling interests	-	(7,435)
Net movement in short term borrowings	137,827	(46,065)
Interest paid	(2,745)	(759)
Dividends paid	(191,675)	(182,822)
Payment of lease liability	(13,022)	-
Net cash flow used in financing activities	<u>(64,779)</u>	<u>(236,948)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(237,974)</b>	<b>5,601</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>320,166</b>	<b>306,769</b>
Effect of exchange rate changes	8,914	7,796
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b><u>91,106</u></b>	<b><u>320,166</u></b>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	42,645	221,850
Cash and bank balances	48,461	98,316
	<u>91,106</u>	<u>320,166</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 30 APRIL 2020

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 Standard ("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 2019. 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 2019.

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 2019 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 2019.

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 except for the following:

**MFRS 16: Leases**

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 May 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application. Accordingly, the comparative information presented for FY2019 has not been restated - i.e. it is presented, as previously reported, under MFRS 117 and related interpretations.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value (below USD5,000).

**BERMAZ AUTO BERHAD**

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2020

NOTES TO THE INTERIM FINANCIAL REPORT

The effect of adoption of MFRS 16 as at 1 May 2019 is as follows:

**Consolidated Statement of Financial Position**

	<b>Impact of adopting MFRS 16 on opening balance as at 1 May 2019 RM'000</b>
<b>Assets</b>	
Right-of-use assets	75,593
Property, plant and equipment	(57)
Deferred tax assets	(41)
<b>Equity</b>	
Retained earnings	(845)
Non-controlling interests	(639)
<b>Liabilities</b>	
Lease liabilities	77,028
Provision for restoration cost	(49)

**a) Nature of the effect of adoption of MFRS 16**

The Group has lease contracts for premises such as showrooms, service centres and warehouses. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of MFRS 16, a lessee is required to recognise an asset representing the right to use the underlying asset and a liability representing future lease payments.

**b) Transition**

The Group recognised right-of-use assets and lease liability for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were measured at their carrying amount as if MFRS 16 had always been applied, discounted using the lessee's incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- (a) Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (b) Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- (c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- (d) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- (e) Elected not to separate lease and non-lease components for classes of assets.

**c) Significant accounting policies**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

**Right-of-Use asset**

The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2020

NOTES TO THE INTERIM FINANCIAL REPORT

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**d) Significant judgements applied**

The Group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group included the renewal period as part of the lease term for leases of certain premises due to the significance of these assets to its operations.

- 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. As for Malaysia, the Malaysian Government had imposed Movement Control Order ("MCO") beginning from 18 March 2020. The MCO requires temporary closure of all businesses except for those involved in the provision of essential services and products and had resulted in a 44-day closure of the business operations of the Group in Malaysia during the current fourth quarter under review. Similarly, in the Philippines, the Philippine government also imposed Enhanced Community Quarantine from 17 March 2020 till 15 May 2020. Further details are disclosed in Note B1.

There were no unusual items during the financial year under review.

- A4 As at 30 April 2020, the issued and paid up ordinary share capital of the Company was RM608,822,913. The movements during the financial year were as follows:-

<b><u>Issued and paid up share capital</u></b>	<b>Number of ordinary shares</b>	<b>RM</b>
As at 1 May 2019	1,163,153,888	607,878,528
ESS exercised during the year	395,300	910,806 *
Transfer of reserve due to forfeiture of ESS	-	33,579
As at 30 April 2020	<u>1,163,549,188</u>	<u>608,822,913</u>

**ESS**

On 21 November 2018, a total number of 9,429,000 ESS options (with exercise price of RM1.85 each) and a total number of 4,041,000 ESS shares were granted to the Group's eligible employees.

As at 30 April 2020, the total number of unexercised ESS options (with exercise price of RM1.85 each) was 8,206,500 and the total number of ESS shares that have not been vested was 3,415,500.

- \* Comprised of RM0.731 million cash subscription of share capital and RM0.179 million transfer from ESS reserves.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2020

NOTES TO THE INTERIM FINANCIAL REPORT

A5 There was no share buyback during the financial year ended 30 April 2020.

During the financial year ended 30 April 2020, the Company had sold 1,654,100 treasury shares at the net proceeds of about RM4,105,000, realising a gain on disposal of about RM961,000, details of which are as follows:

	Average resale price per share RM	Number of shares	Total Consideration RM'000
Disposal of treasury shares on 13 June 2019	2.48	1,654,100	4,105

The number of treasury shares held in hand as at 30 April 2020 was as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 30 April 2019	1.90	3,412,700	6,486
Resale of treasury shares	1.90	(1,654,100)	(3,144)
Reissued for ESS shares vested on 18 November 2019	1.90	(389,400)	(740)
Total treasury shares as at 30 April 2020	1.90	1,369,200	2,602

As at 30 April 2020, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 1,162,180,000 (30 April 2019: 1,159,741,000) ordinary shares.

- A6 During the financial year ended 30 April 2020, the Company paid the following dividends:
- fourth interim dividend of 3.50 sen single-tier dividend per share and a special dividend of 7.00 sen single-tier dividend per share amounting to a total of RM121.966 million in respect of the financial year ended 30 April 2019 on 25 July 2019;
  - first interim dividend of 3.25 sen single-tier dividend per share amounting to a total of RM37.752 million in respect of the financial year ended 30 April 2020 on 25 October 2019;
  - second interim dividend of 2.75 sen single-tier dividend per share amounting to a total of RM31.957 million in respect of the financial year ended 30 April 2020 on 17 February 2020; and
  - third interim dividend of 1.45 sen single-tier dividend per share amounting to a total of RM16.854 million in respect of the financial year ended 30 April 2020 on 28 May 2020.

A7 Segment information for the financial year ended 30 April 2020:-

<b>REVENUE</b>	<b>Consolidated RM'000</b>
Malaysia	1,484,940
Philippines	274,096
Total revenue	<u>1,759,036</u>
<b>RESULTS</b>	<b>RM'000</b>
Malaysia	96,629
Philippines	13,409
	<u>110,038</u>
Unallocated corporate items	(1,945)
Profit from operations	108,093
Investment related income	3,794
Finance costs	(6,665)
Share of results of associates	26,549
Profit before tax	<u>131,771</u>
Income tax expense	(28,252)
Profit after tax	<u>103,519</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2020

NOTES TO THE INTERIM FINANCIAL REPORT

**DISAGGREGATION OF REVENUE**

	12 months ended	
	30/4/2020	30/4/2019
	RM'000	RM'000
Sale of motor vehicles	1,588,826	2,352,900
Sale of spare parts	119,401	123,395
Maintenance and fitting of motor vehicle accessories services	50,809	43,567
Group revenue	<u>1,759,036</u>	<u>2,519,862</u>
Timing of revenue recognition:		
- at a point in time	1,713,118	2,457,943
- over time	45,918	61,919
	<u>1,759,036</u>	<u>2,519,862</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 30 April 2020 in relation to property, plant and equipment were as follows:

Approved and contracted for	<u>RM'000</u> <u>1,134</u>
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A10 There were no changes in the composition of the Group for the current financial year ended 30 April 2020 including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operation.

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 2019.

A12 There were no audit qualifications in the annual financial statements for the year ended 30 April 2019.

A13 There were no material changes in estimates reported in the prior financial year that had a material effect in the current year ended 30 April 2020.

## **BERMAZ AUTO BERHAD**

**Company Registration No: 201001016854 (900557-M)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2020

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 are affected by, among others, regulations and policies governing the importation of completely built-up vehicles (for the domestic and the Philippines market) and completely knocked-down parts (for the domestic market), 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.

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. As for Malaysia, the Malaysian Government had imposed Movement Control Order ("MCO") beginning from 18 March 2020. The MCO requires temporary closure of all businesses except for those involved in the provision of essential services and products and had resulted in a 44-day closure of the business operations of the Group in Malaysia during the current fourth quarter under review. Similarly, in the Philippines, the Philippine government also imposed Enhanced Community Quarantine ("ECQ") from 17 March 2020 till 15 May 2020.

### Current quarter vs preceding year same quarter

For the quarter ended 30 April 2020, the Group reported a lower revenue and pre-tax profit of RM299.4 million and RM3.2 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM538.3 million and RM77.6 million respectively.

Group revenue declined by RM238.9 million or 44.4% primarily due to drop in sales volume from both the domestic and Philippine operations arising from the mandatory closure of businesses by the governments as a measure to curb the outbreak of the "COVID-19" pandemic.

In Malaysia, the government had imposed the Movement Control Order ("MCO") from 18 March 2020 till 12 May 2020. During this period, no vehicle sales were recorded as Jabatan Pengangkutan Jalan Malaysia ("JPJ") was closed. The Philippine government had also imposed a similar measure (i.e. ECQ) in Metro Manila along with other areas, from 17 March 2020 till 15 May 2020. As a result, no vehicle ownership certificates could be generated during these periods and hence, no vehicle sales were registered.

In line with the decrease in revenue, the Group's pre-tax profit also decreased significantly by RM74.4 million or 95.9% primarily due to exceptionally low profit contribution from both the domestic and Philippine operations, and lower share of profit contribution from one of its associated companies, Mazda Malaysia Sdn Bhd ("MMSB").

The Group has also accounted for the expense relating to the Group's Employees' Share Scheme amounting to RM0.8 million in the quarter under review as compared to RM1.2 million in the preceding year corresponding quarter.

### For the financial year

For the financial year ended 30 April 2020, the Group registered a lower revenue and pre-tax profit of RM1.76 billion and RM131.8 million respectively as compared to the preceding year which reported a revenue and pre-tax profit of RM2.52 billion and RM340.6 million respectively.

For the same reason as the current quarter under review, the decrease in Group revenue of RM760.8 million or 30.2% was largely due to lower sales volume from both the domestic and Philippine operations.

The lower domestic sales volume for the financial year was mainly attributed to the delay in delivery of the new facelift CX-5 and all new CX-8 models caused by resolution of certain pricing issues as well as the closure of businesses for about one and half months during the last quarter of the financial year arising from the imposition of the MCO to curb the COVID-19 pandemic.

Previous financial year recorded significantly higher unit sales mainly due to the three-month "Sales Tax holiday" period and also boosted by the Group's promotional campaign in absorbing the Sales Tax.

## **BERMAZ AUTO BERHAD**

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As a result of lower sales volume, the Group's pre-tax profit had accordingly decreased by RM208.8 million or 61.3% primarily due to lower profit contribution from the domestic operations and lower share of profit contribution from MMSB.

The Group has also accounted for the expense relating to the Group's Employees' Share Scheme amounting to RM3.9 million in the current financial year as compared to RM2.5 million in the preceding financial year.

### **B2 Current quarter vs preceding quarter**

For the quarter ended 30 April 2020, the Group reported a revenue of RM299.4 million and pre-tax profit of RM3.2 million as compared to the Group revenue of RM467.5 million and pre-tax profit of RM34.3 million for the preceding quarter.

The drop in Group revenue of RM168.1 million or 36.0% was mainly due to the mandatory closure of businesses in both Malaysia and the Philippines by the governments since middle of March as explained above which had directly impacted the sales volume in the current quarter.

The Group pre-tax profit for the current quarter under review accordingly decreased by RM31.1 million or 90.7% mainly due to lower profit contributions from both domestic and the Philippine operations, and lower share of profit contribution from MMSB.

### **B3 Future prospects**

According to Bank Negara Malaysia Economic and Monetary Review 2019, the global economy is projected to register negative growth rate in 2020 due to the COVID-19 pandemic. The International Monetary Fund ("IMF") is expecting the global economy to undergo a recession in year 2020. Given the uncertainties and the challenging global economic outlook, the Malaysia's Gross Domestic Product ("GDP") growth for 2020 is expected to be recessionary.

Among the initial measures imposed by the Malaysian Government to contain the outbreak of COVID-19 was the imposition of MCO in March 2020 where all non-essential businesses and services were closed. Individuals and businesses affected by the MCO faced immediate cash flow constraints as their earnings dwindled and this situation severely affected the country's economy, thus dampened the consumer sentiment and spending power. Key services relating to the automobile sector namely, the JPJ and Pusat Pemeriksaan Kenderaan Berkomputer ("Puspakom") were closed during the MCO and only resumed their operations in mid May 2020 at half capacity.

The foregoing has adversely impacted the automobile sector in Malaysia. According to the Malaysian Automotive Association ("MAA"), the car sales for March 2020 had decreased by 44% compared to February 2020 and was 59% lower than the corresponding period of last year. For April 2020, only 141 cars were registered online during the MCO period, representing a drop of 99% compared to March 2020, which was already 44% lower than February 2020. The MAA had also revised its Total Industry Volume ("TIV") for 2020 from 607,000 units (as projected in January 2020) to 400,000 units.

The Malaysia automotive sector is expected to remain challenging in the near future. Economic stimulus packages introduced by the Malaysian Government will help soften the impact of COVID-19 on the country's economy while catering for the welfare of the people. These measures will support the gradual normalization of the economic activities in the country till the successful containment of the said pandemic. The recently announced Short-Term Recovery Plan ("Penjana") under the Recovery Movement Control Order ("RMCO") on 5 June 2020 includes measures to help the automotive industry as a catalyst to gradually drive market demand. These measures include a 100% sales tax exemption on completely knock-down ("CKD") models and 50% sales tax exemption on completely built-up ("CBU") models from 15 June to 31 December 2020.

In IMF's World Economic Outlook report released in April 2020, the Philippines' 2020 GDP growth forecast is estimated to be around 0.6%, with unemployment rate expected to rise to 6.2% (2019: 5.1%). The Association of Vehicles Importers and Distribution Inc ("AVID") in the Philippines had released its first quarter data which showed vehicle sales to have fallen by 34.0% in the first three months of 2020 amid the lockdown caused by COVID-19. AVID estimates the car sales may drop by around 40% for the year 2020.

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The Group took cognizance of the impact of COVID-19 pandemic on the overall economy in the country as well as overseas. Hence, any launch of new and/or facelifts Mazda models will depend on the market sentiments and economic conditions then. Premised on the foregoing, the Directors anticipate the performance of the Group for the financial year ending 30 April 2021 will remain very challenging. Appropriate austerity measures are being implemented to mitigate the current conditions such as tightening of operational costs and overheads. New marketing strategies via e-platform has been introduced to cater for the "new normal" such as wearing face masks, social distancing and conducting meetings via the internet.

B4 There were no profit forecast or profit guarantee for the financial year ended 30 April 2020.

B5 The taxation charge for the current quarter/year ended 30 April 2020 are detailed as follows:

	Current Quarter RM'000	Financial Year to date RM'000
Based on the results for the current quarter/year:-		
Current period provision		
- In Malaysia	6,021	35,591
- Outside Malaysia	562	2,603
Deferred tax	(5,435)	(9,363)
Over provision in prior year	(5)	(579)
	<u>1,143</u>	<u>28,252</u>

The disproportionate tax charge of the Group for the current quarter/year ended 30 April 2020 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 Year to date RM'000
Interest income from financial institutions	(818)	(3,794)
Gain on disposal of property, plant and equipment	-	(1)
Depreciation of property, plant and equipment	1,252	4,366
Depreciation of right-of-use assets *	2,966	11,431
Impairment loss on receivables	2,735	2,708
Interest expense on bankers acceptances	1,711	2,745
Interest expense on lease liability *	922	3,729
Unwinding discount on provision for restoration costs (net)	47	191
Provision for and write off of inventories	346	813
Foreign exchange loss (net)	1,186	1,947
Fair value adjustment on derivatives	<u>138</u>	<u>138</u>

\* As a result of applying MFRS 16, the Group has recognised RM3.89 million (comprising of RM2.97 million for depreciation of right-of-use assets and RM0.92 million for interest on lease liabilities) for the quarter and RM15.16 million (comprising of RM11.43 million for depreciation of right-of-use assets and RM3.73 million for interest on lease liabilities) for the year instead of RM3.40 million and RM13.02 million of rental expenses for the quarter and the financial year respectively.

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 30 April 2020 were as follows:

		At end of current quarter RM'000
Short term borrowing		
<u>Unsecured</u>	Foreign currency amount	
Denominated in:	'000	
Ringgit Malaysia		106,450
Philippine Peso	366,985 *	<u>31,377</u>
		<u><u>137,827</u></u>

\* Converted at the respective exchange rate prevailing as at 30 April 2020.

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

B10 The Board does not recommend any dividend in respect of financial quarter ended 30 April 2020 (previous year corresponding quarter ended 30 April 2019: 7.00 sen single-tier dividend per share and a special dividend of 3.50 sen single-tier dividend per share). The total dividend declared for the financial year ended 30 April 2020 amounted to 7.45 sen single-tier dividend per share (previous financial year ended 30 April 2019: 21.25 sen single-tier dividend per share).

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

	Group (3-month period)			
	30/04/2020	30/04/2019	30/04/2020	30/04/2019
	RM'000		sen	
Net profit for the quarter	<u>2,459</u>	<u>60,057</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,162,180</u>	<u>1,159,671</u>		
Basic earnings per share			<u>0.21</u>	<u>5.18</u>
Net profit for the quarter	<u>2,459</u>	<u>60,057</u>		
Number of shares used in the calculation of basic earning per share ('000)	1,162,180	1,159,671		
Number of shares assuming exercise of ESS ('000)	<u>3,416</u>	<u>6,084</u>		
	<u><u>1,165,596</u></u>	<u><u>1,165,755</u></u>		
Diluted earnings per share			<u>0.21</u>	<u>5.15</u>

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	Group (12-month period)			
	30/4/2020	30/4/2019	30/4/2020	30/4/2019
	RM'000		sen	
Net profit for the year	<u>100,512</u>	<u>264,039</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,161,615</u>	<u>1,160,373</u>		
Basic earnings per share			<u>8.65</u>	<u>22.75</u>
Net profit for the year	<u>100,512</u>	<u>264,039</u>		
Number of shares used in the calculation of basic earning per share ('000)	1,161,615	1,160,373		
Number of shares assuming exercise of ESS ('000)	<u>3,416</u>	<u>6,084</u>		
	<u>1,165,031</u>	<u>1,166,457</u>		
Diluted earnings per share			<u>8.63</u>	<u>22.64</u>

c.c. Securities Commission