

**Bermaz Auto Berhad**  
**(formerly known as Berjaya Auto Berhad)**

Company No: 900557-M

Date: 14 March 2017

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JANUARY 2017**

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**BERMAZ AUTO BERHAD (formerly known as BERJAYA AUTO BERHAD)****(Company No: 900557-M)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|   | 3 months ended       |                      | Year to date ended   |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 31/01/2017<br>RM'000 | 31/01/2016<br>RM'000 | 31/01/2017<br>RM'000 | 31/01/2016<br>RM'000 |
| GROUP REVENUE   | 338,683              | 522,580              | 1,305,470            | 1,577,531            |
| PROFIT FROM OPERATIONS  | 39,515               | 53,141               | 134,290              | 192,100              |
| Investment related income   | 569                  | 1,270                | 3,054                | 3,784                |
| Finance costs   | (1,199)              | (25)                 | (1,871)              | (92)                 |
| Share of results of associates                                      | 86                   | 3,837                | 8,457                | 9,670                |
| PROFIT BEFORE TAX   | 38,971               | 58,223               | 143,930              | 205,462              |
| INCOME TAX EXPENSE  | (10,543)             | (14,195)             | (36,121)             | (50,544)             |
| PROFIT AFTER TAX  | 28,428               | 44,028               | 107,809              | 154,918              |
| OTHER COMPREHENSIVE ITEMS   |                      |                      |                      |                      |
| <u>Item that may be reclassified subsequently to profit or loss</u> |                      |                      |                      |                      |
| Foreign currency translation  | 2,817                | (3,844)              | 6,050                | 3,862                |
| TOTAL COMPREHENSIVE INCOME<br>FOR THE PERIOD                        | 31,245               | 40,184               | 113,859              | 158,780              |
| PROFIT ATTRIBUTABLE TO:   |                      |                      |                      |                      |
| - Equity holders of the Company                                     | 25,105               | 41,128               | 96,843               | 146,394              |
| - Non-controlling interests   | 3,323                | 2,900                | 10,966               | 8,524                |
|   | 28,428               | 44,028               | 107,809              | 154,918              |
| TOTAL COMPREHENSIVE INCOME<br>ATTRIBUTABLE TO:                      |                      |                      |                      |                      |
| - Equity holders of the Company                                     | 26,795               | 38,822               | 100,473              | 148,711              |
| - Non-controlling interests   | 4,450                | 1,362                | 13,386               | 10,069               |
|   | 31,245               | 40,184               | 113,859              | 158,780              |
| EARNINGS PER SHARE (SEN)  |                      |                      |                      |                      |
| -Basic, for the period  | 2.19                 | 3.60                 | 8.45                 | 12.84                |
| -Diluted, for the period  | 2.17                 | 3.56                 | 8.39                 | 12.69                |

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

**BERMAZ AUTO BERHAD (formerly known as BERJAYA AUTO BERHAD)**  
**(Company No: 900557-M)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|                                      | Group<br>As at<br>31/01/2017<br>RM'000 | Group<br>As at<br>30/04/2016<br>RM'000<br>(Audited) |
|--------------------------------------|--|---|
| <b>ASSETS</b>                        |  |   |
| <b>Non-current Assets</b>            |  |   |
| Property, plant and equipment        | 23,524                                 | 24,020  |
| Other investment                     | 779                                    | 749   |
| Associated companies                 | 106,694                                | 98,217  |
| Deferred tax assets                  | 45,910                                 | 44,372  |
| Goodwill                             | 500                                    | 500   |
|                                      | <u>177,407</u>                         | <u>167,858</u>                                      |
| <b>Current Assets</b>                |  |   |
| Inventories                          | 384,100                                | 312,275   |
| Trade and other receivables          | 175,344                                | 96,026  |
| Short term investment                | 9,879                                  | 5,000   |
| Tax recoverable                      | 11,297                                 | 23  |
| Derivative asset                     | -                                      | 1,152   |
| Deposits with financial institutions | 61,468                                 | 240,037   |
| Cash and bank balances               | 135,312                                | 126,520   |
|                                      | <u>777,400</u>                         | <u>781,033</u>                                      |
| <b>TOTAL ASSETS</b>                  | <u>954,807</u>                         | <u>948,891</u>                                      |
| <b>EQUITY AND LIABILITIES</b>        |  |   |
| Share capital                        | 593,582                                | 573,336   |
| Reserves                             | (134,041)                              | (39,312)  |
|                                      | <u>459,541</u>                         | <u>534,024</u>                                      |
| Treasury shares                      | (4,173)                                | (2,783)   |
|                                      | <u>455,368</u>                         | <u>531,241</u>                                      |
| Non-controlling interests            | 47,428                                 | 31,773  |
| <b>Equity funds</b>                  | <u>502,796</u>                         | <u>563,014</u>                                      |
| <b>Non-current Liabilities</b>       |  |   |
| Deferred revenue                     | 63,709                                 | 66,970  |
| Provisions                           | 11,319                                 | 16,938  |
|                                      | <u>75,028</u>                          | <u>83,908</u>                                       |
| <b>Current Liabilities</b>           |  |   |
| Short term borrowings                | 91,377                                 | -   |
| Trade and other payables             | 221,054                                | 230,808   |
| Provisions                           | 17,933                                 | 15,046  |
| Deferred revenue                     | 46,619                                 | 45,492  |
| Taxation                             | -                                      | 10,623  |
|                                      | <u>376,983</u>                         | <u>301,969</u>                                      |
| <b>Total Liabilities</b>             | <u>452,011</u>                         | <u>385,877</u>                                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>954,807</u>                         | <u>948,891</u>                                      |
| Basic net assets per share (sen)     | 39.75                                  | 46.39   |
| Dilutive net assets per share (sen)  | 40.49                                  | 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.

**BERMAZ AUTO BERHAD (formerly known as BERJAYA AUTO BERHAD)**  
 UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the equity holders of the Company

|   | Non-distributable |                            |                            |                               |                                    | Distributable               |                                |                              | Total<br>RM'000 | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
|---|-------------------|----------------------------|----------------------------|-------------------------------|------------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------|--|---------------------------|
|   | Share<br>capital  | Share<br>premium<br>RM'000 | ESOS*<br>reserve<br>RM'000 | Exchange<br>reserve<br>RM'000 | Consolidation<br>reserve<br>RM'000 | Merger<br>deficit<br>RM'000 | Retained<br>earnings<br>RM'000 | Treasury<br>shares<br>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  | -                 | -                          | -                          | 3,630                         | -                                  | -                           | 96,843                         | -                            | 100,473         | 13,386                                     | 113,859                   |
| <b>Transactions with owners:</b>  |                   |                            |                            |                               |                                    |                             |                                |                              |                 |  |                           |
| Share-based payment under ESOS  | -                 | -                          | 2,052                      | -                             | -                                  | -                           | -                              | -                            | 2,052           | -  | 2,052                     |
| ESOS options exercised  | 3,199             | 3,770                      | (3,770)                    | -                             | -                                  | -                           | -                              | -                            | 3,199           | -  | 3,199                     |
| ESOS options forfeited  | -                 | -                          | -                          | -                             | -                                  | -                           | -                              | -                            | -               | -  | -                         |
| Treasury shares acquired  | -                 | -                          | -                          | -                             | -                                  | -                           | -                              | (1,390)                      | (1,390)         | -  | (1,390)                   |
| Arising from increase in equity<br>interest in a subsidiary company       | -                 | -                          | -                          | -                             | 336                                | -                           | -                              | -                            | 336             | (336)                                      | -                         |
| Capital contribution by non-controlling<br>interests                      | -                 | -                          | -                          | -                             | -                                  | -                           | -                              | -                            | -               | 2,605                                      | 2,605                     |
| Dividend-in-specie (Stock dividends)<br>distributed by subsidiary company | -                 | -                          | -                          | -                             | 32,645                             | -                           | (32,645)                       | -                            | -               | -  | -                         |
| Interim dividends#  | -                 | -                          | -                          | -                             | -                                  | -                           | (180,543)                      | -                            | (180,543)       | -  | (180,543)                 |
|   | 3,199             | 3,770                      | (1,718)                    | -                             | 32,981                             | -                           | (213,188)                      | (1,390)                      | (176,346)       | 2,269                                      | (174,077)                 |
| Transfer pursuant to S618(2) of CA 2016~                                  | 576,535<br>17,047 | 17,047<br>(17,047)         | 7,432<br>-                 | 5,615<br>-                    | 32,981<br>-                        | (424,000)<br>-              | 243,931<br>-                   | (4,173)<br>-                 | 455,368<br>-    | 47,428<br>-                                | 502,796<br>-              |
| At 31 January 2017  | 593,582           | -                          | 7,432                      | 5,615                         | 32,981                             | (424,000)                   | 243,931                        | (4,173)                      | 455,368         | 47,428                                     | 502,796                   |
| 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  | -                 | -                          | -                          | 2,317                         | -                                  | -                           | 146,394                        | -                            | 148,711         | 10,069                                     | 158,780                   |
| <b>Transactions with owners:</b>  |                   |                            |                            |                               |                                    |                             |                                |                              |                 |  |                           |
| ESOS options exercised  | 3,015             | 5,116                      | (3,944)                    | -                             | -                                  | -                           | -                              | -                            | 4,187           | -  | 4,187                     |
| Share-based payment under ESOS  | -                 | -                          | 4,091                      | -                             | -                                  | -                           | -                              | -                            | 4,091           | -  | 4,091                     |
| ESOS options forfeited  | -                 | 60                         | (60)                       | -                             | -                                  | -                           | -                              | -                            | -               | -  | -                         |
| Treasury shares acquired  | -                 | -                          | -                          | -                             | -                                  | -                           | -                              | (4,244)                      | (4,244)         | -  | (4,244)                   |
| 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)                  |
| Interim dividends@  | -                 | -                          | -                          | -                             | -                                  | -                           | (25,644)                       | -                            | (25,644)        | -  | (25,644)                  |
| Interim dividends^  | -                 | -                          | -                          | -                             | -                                  | -                           | (28,583)                       | -                            | (28,583)        | -  | (28,583)                  |
|   | 165,890           | (157,699)                  | 87                         | -                             | -                                  | -                           | (122,573)                      | (2,783)                      | (117,078)       | -  | (117,078)                 |
| At 31 January 2016  | 572,650           | 12,444                     | 9,137                      | 4,135                         | -                                  | (424,000)                   | 333,655                        | (2,783)                      | 505,238         | 28,998                                     | 534,236                   |

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.  
 @ First interim dividend of 2.25 sen single-tier dividend per share in respect of financial year ended 30 April 2016.  
 ^ Second interim dividend of 2.50 sen single-tier dividend per share in respect of financial year ended 30 April 2016.  
 ~ Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium and capital redemption reserve accounts shall become part of Share Capital.

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

**BERMAZ AUTO BERHAD (formerly known as BERJAYA AUTO BERHAD)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|  | 9 months ended        |                       |
|--|-----------------------|-----------------------|
|  | 31/01/2017<br>RM'000  | 31/01/2016<br>RM'000  |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                     |                       |                       |
| Receipts from operations   | 1,244,924             | 1,603,131             |
| Payments for operating expenses  | (1,271,135)           | (1,366,218)           |
| Payment of taxes   | (58,998)              | (66,863)              |
| Net cash (used in)/generated from operating activities                         | <u>(85,209)</u>       | <u>170,050</u>        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                     |                       |                       |
| Proceeds from disposal of property, plant and equipment                        | 867                   | 66                    |
| Sales of short term investment   | 23,608                | -                     |
| Acquisition of property, plant and equipment                                   | (4,586)               | (3,619)               |
| Acquisition of investment in an associate                                      | -                     | (7,523)               |
| Acquisition of short term investment   | (28,000)              | -                     |
| Acquisition of other investment  | (30)                  | (783)                 |
| Interest received  | 2,568                 | 3,761                 |
| Net cash used in investing activities  | <u>(5,573)</u>        | <u>(8,098)</u>        |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                     |                       |                       |
| Issuance of share capital  | 3,199                 | 4,187                 |
| Issuance of share capital to non-controlling interests of a subsidiary company | 2,605                 | -                     |
| Sale of treasury shares  | -                     | 1,522                 |
| Acquisition of treasury shares   | (1,390)               | (4,244)               |
| Drawdown of bank borrowing   | 239,738               | -                     |
| Repayment of bank borrowing  | (148,361)             | -                     |
| Interest paid  | (1,796)               | -                     |
| Dividends paid   | (180,543)             | (122,634)             |
| Net cash used in financing activities  | <u>(86,548)</u>       | <u>(121,169)</u>      |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                 | <b>(177,330)</b>      | <b>40,783</b>         |
| <b>OPENING CASH AND CASH EQUIVALENTS</b>                                       | <b>366,557</b>        | <b>280,770</b>        |
| Effect of exchange rate changes  | 7,553                 | 4,732                 |
| <b>CLOSING CASH AND CASH EQUIVALENTS</b>                                       | <b><u>196,780</u></b> | <b><u>326,285</u></b> |
| Cash and cash equivalents carried forward comprise:                            |                       |                       |
| Deposits with financial institutions   | 61,468                | 172,981               |
| Cash and bank balances   | 135,312               | 153,304               |
|  | <u>196,780</u>        | <u>326,285</u>        |

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

**BERMAZ AUTO BERHAD (formerly known as BERJAYA AUTO BERHAD)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017**  
**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, requirements of the Companies Act 2016 ("CA 2016") that became effective on 31 January 2017 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 January 2017, the issued and paid up ordinary share capital of the Company was RM593,582,343. The movements during the financial period were as follows:-

|  | Number of<br>ordinary shares | RM                        |
|--|------------------------------|---------------------------|
| <b><u>Issued and paid up share capital</u></b> |                              |                           |
| As at 1 May 2016                               | 1,146,672,188                | 573,336,094               |
| ESOS exercised:                                |                              |                           |
| ESOS (1st batch)                               | 6,397,900                    | 3,198,950                 |
| ESOS (2nd batch)                               | -                            | -                         |
|  | <u>6,397,900</u>             | <u>3,198,950</u>          |
|  | 1,153,070,088                | 576,535,044               |
| Transfer pursuant to S618(2) of CA 2016~       | -                            | 17,047,299                |
| As at 31 January 2017                          | <u><u>1,153,070,088</u></u>  | <u><u>593,582,343</u></u> |

Note:

~ Pursuant to Section 618(2) of the CA 2016, the credit balance of share premium account of RM17,047,299 are included as part of the paid up share capital.

**ESOS**

As at 31 January 2017,

- (a) the total number of unexercised ESOS (1st batch) was 9,796,500 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.

**BERMAZ AUTO BERHAD (formerly known as BERJAYA AUTO BERHAD)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

The details of the share buyback during the financial period ended 31 January 2017 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 January 2017 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         |
| <b>Total treasury shares as at 31 January 2017</b> | <b>2.06</b>                | <b>2,025,000</b> | <b>4,173</b>  |

As at 31 January 2017, the number of outstanding shares in issue and fully paid up with voting rights (rounded to nearest thousand) was 1,151,045,000 (31 January 2016: 1,143,899,000) ordinary shares.

A5 During the financial period ended 31 January 2017, the Company paid the following dividends:

- i) 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;
- ii) first interim dividend of 3 sen single-tier dividend per share amounting to RM34.365 million in respect of the financial year ending 30 April 2017 on 21 October 2016; and
- ii) second interim dividend of 2.75 sen single-tier dividend per share amounting to RM31.642 million in respect of the financial year ending 30 April 2017 on 25 January 2017.

**BERMAZ AUTO BERHAD (formerly known as BERJAYA AUTO BERHAD)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

A7 Segment information for the financial period ended 31 January 2017:-

| <b>REVENUE</b>                    | Total<br>RM'000  |
|-----------------------------------|------------------|
| Malaysia                          | 1,013,551        |
| Philippines                       | 291,919          |
| Total revenue                     | <u>1,305,470</u> |
| <br>                              |                  |
| <b>RESULTS</b>                    | Total<br>RM'000  |
| Malaysia                          | 96,519           |
| Philippines                       | 38,620           |
|                                   | <u>135,139</u>   |
| Unallocated corporate items       | (849)            |
| Profit from operations            | 134,290          |
| Investment related income         |                  |
| - Interest income                 | 2,567            |
| - Gain on disposal of unit trusts | 38               |
| - Others                          | 449              |
|                                   | 3,054            |
| Finance costs                     | (1,871)          |
| Share of results of associates    | 8,457            |
| Profit before tax                 | 143,930          |
| Income tax expense                | (36,121)         |
| Profit after tax                  | <u>107,809</u>   |

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

A9 There were no changes in the composition of the Group for the current period ended 31 January 2017 including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operation, except the following:-

(a) On 18 August 2016, 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.

(b) On 15 September 2016, BAP issued stock dividends amounting to PHP623 million (about RM54.1 million) to its existing shareholders via issuance of BAP shares from its unrestricted distributable retained earnings. As a result, the issued and fully paid-up share capital increased to PHP910 million.

Consequent to these exercises, the Group's equity interest in BAP increased from 60% to 60.4%.

A10 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.

A11 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2016.



**BERMAZ AUTO BERHAD (formerly known as BERJAYA AUTO BERHAD)**  
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017  
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 January 2017, the Group reported a revenue and pre-tax profit of RM338.7 million and RM39.0 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM522.6 million and RM58.2 million respectively.

The drop in revenue was primarily due to lower sales volume recorded by the Group. Softer consumer demand has impacted domestic sales while supply constraint on certain Mazda model and competitors' new model launches has affected sales in the Philippines. This was further aggravated by intense competition in the domestic market where sales were predominantly driven by aggressive discount promotion activities by the competitors. The decline in pre-tax profit was mainly attributable to the drop in revenue, weaker results from associated companies and higher vehicle cost as Ringgit Malaysia continues to be weak. However, this was mitigated by a drop in operating expenses as the Group took measures to reduce operating cost.

For the 9-month period

For the 9-month period ended 31 January 2017, the Group registered a revenue and pre-tax profit of RM1.31 billion and RM143.9 million respectively, as compared to the corresponding period of the previous year which reported a revenue and pre-tax profit of RM1.58 billion and RM205.5 million respectively.

Similar to the current quarter, the fall in revenue for the 9-month period was largely due to weak consumer sentiment and stiff competition in the domestic market. The Philippine operations also recorded a decrease in sales volume mainly because of competitors' new model launches and supply constraint on a certain Mazda model. The lower Group pre-tax profit for the 9-month period was primarily due to the drop in revenue, profit margin compression and lower profit contribution from associated companies. However, like in the current quarter, this was mitigated by the Group's lower operating expenses.

B2 Current quarter vs preceding quarter

For the quarter ended 31 January 2017, the Group reported a revenue of RM338.7 million and pre-tax profit of RM39.0 million, as compared to the Group revenue of RM473.2 million and Group pre-tax profit of RM46.4 million for the preceding quarter.

The drop in revenue was largely due to lower sales volume recorded by the Group. Locally, sales were hugely impacted by competitors' aggressive discount promotion activities to clear year-end inventory. Meanwhile, the drop in sales in the Philippines was mainly attributed to the supply constraint on a particular Mazda model. The decrease in Group pre-tax profit was largely due to the drop in revenue, mitigated by lower operating expenses as the Group continues with its measures to further trim its operating cost.

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**B3** Future prospects

The last quarter of the financial year is expected to remain challenging for the Group. In Malaysia, sales are forecasted to remain subdued in light of the current economic condition and persistent weak Ringgit Malaysia. However, the Group is optimistic that the new model launches planned for next financial year will place the local operation in a better position and help mitigate the impact from an expected soft domestic market.

The Group’s penetration into the Philippine market is currently within expectation. BAP is expected to benefit from the Philippines’ strong economic growth and buoyant demand for passenger cars. BAP has proposed to raise funds via a listing on the Philippine Stock Exchange. Part of the proceeds to be raised will be utilised for the building of satellite outlets, warehousing, body repair and paint shop facility and the establishment of an automotive academy. These new facilities will further enhance Mazda’s brand image in the Philippines. As such, the Group expects the Philippine operation to continue to contribute positively to its overall performance and help mitigate the slowdown in the domestic market.

**B4** There is no profit forecast or profit guarantee for the financial period ended 31 January 2017.

**B5** The taxation charge for the current quarter/period ended 31 January 2017 are detailed as follows:

|                               | Current<br>Quarter<br>RM'000 | Financial<br>Year to date<br>RM'000 |
|-------------------------------|------------------------------|-------------------------------------|
| Current period provision      |                              |                                     |
| - In Malaysia                 | 4,655                        | 24,244                              |
| - Outside Malaysia            | 4,313                        | 12,989                              |
| Deferred tax                  | 1,707                        | (980)                               |
| Over provision in prior years | (132)                        | (132)                               |
|                               | <u>10,543</u>                | <u>36,121</u>                       |

The disproportionate tax charge of the Group for the current quarter/period ended 31 January 2017 was mainly due to certain expenses or losses being disallowed for tax purposes and different foreign tax rate as well as inclusion of the share of results of associates which are presented net of tax.

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

|   | Current<br>Quarter<br>RM'000 | Financial<br>Year to date<br>RM'000 |
|---|------------------------------|-------------------------------------|
| Interest income                                     | (488)                        | (2,567)                             |
| Dividend income                                     | -                            | -                                   |
| Other income excluding dividend and interest income | (111)                        | (475)                               |
| Gain on disposal of unit trusts                     | -                            | (38)                                |
| Gain on disposal of property, plant and equipment   | (96)                         | (129)                               |
| Depreciation of property, plant and equipment       | 1,549                        | 4,538                               |
| 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)               | 450                          | 2,958                               |
| Fair value changes of unit trusts                   | 30                           | 26                                  |
| (Gain) or loss on derivatives (net)                 | <u>28</u>                    | <u>1,152</u>                        |

B7 On 8 December 2016, the Company announced the proposal to list its indirect subsidiary company BAP on the Main Board of the Philippine Stock Exchange, Inc. ("Proposed Listing"). The Proposed Listing entails the following:

- (i) BAP will undertake an initial public offering of 155,000,000 common shares of PHP1.00 each in BAP ("BAP Shares") involving the following:
  - (a) a public issue of 83,430,000 new BAP Shares; and
  - (b) an offer for sale of 71,570,000 existing BAP Shares by the existing shareholders, of which 32,570,000 will be offered by Bermaz Motor International Limited, a wholly owned subsidiary of the Group.

and;
- (ii) the establishment of an employees' stock option plan ("ESOP") for the directors and eligible employees of BAP who meet the eligibility criteria for participation in the ESOP.

On 14 December 2016 and 16 December 2016, the Company announced that BAP had submitted the applications to the relevant authorities for the Proposed Listing.

On 13 March 2017, the approval from the shareholders of the Company was obtained for the Proposed Listing at an extraordinary general meeting.

B8 Group borrowings and debt securities as at 31 January 2017 were as follows:

|                                 | At end of<br>current quarter<br>RM'000 |
|---------------------------------|--|
| Short term borrowing            |  |
| <u>Secured</u>                  |  |
| Denominated in Ringgit Malaysia | <u>91,377</u>                          |

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- B9 There were no material litigation for the current financial period.
- B10 The Board has recommended a third interim dividend of 2.75 sen single-tier dividend per share in respect of financial period ended 31 January 2017 (previous year corresponding quarter ended 31 January 2016: 2.15 sen single-tier dividend per share) to be payable on 26 April 2017. The entitlement date has been fixed on 10 April 2017. The total dividend declared for the financial period ended 31 January 2017 amounted to 8.50 sen single-tier dividend per share (previous corresponding financial period ended 31 January 2016: 6.90 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 10 April 2017 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

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

|   | Group (3-month period) |                  |             |             |
|---|------------------------|------------------|-------------|-------------|
|   | 31/01/2017             | 31/01/2016       | 31/01/2017  | 31/01/2016  |
|   | RM'000                 |                  | sen         |             |
| Net profit for the quarter  | <u>25,105</u>          | <u>41,128</u>    |             |             |
| Weighted average number of ordinary shares in issue ('000)                      | <u>1,147,983</u>       | <u>1,141,052</u> |             |             |
| Basic earnings per share  |                        |                  | <u>2.19</u> | <u>3.60</u> |
| Net profit for the quarter  | <u>25,105</u>          | <u>41,128</u>    |             |             |
| Number of shares used in the calculation of basis earning per share ('000)      | 1,147,983              | 1,141,052        |             |             |
| Number of shares assuming exercise of employee share options (1st batch) ('000) | 7,464                  | 13,672           |             |             |
| Number of shares assuming exercise of employee share options (2nd batch) ('000) | -                      | -                |             |             |
|   | <u>1,155,447</u>       | <u>1,154,724</u> |             |             |
| Dilutive earnings per share (Sen)   |                        |                  | <u>2.17</u> | <u>3.56</u> |

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|   | Group (9-month period) |                  |             |              |
|---|------------------------|------------------|-------------|--------------|
|   | 31/01/2017             | 31/01/2016       | 31/01/2017  | 31/01/2016   |
|   | RM'000                 |                  | sen         |              |
| Net profit for the period   | <u>96,843</u>          | <u>146,394</u>   |             |              |
| Weighted average number of ordinary shares in issue ('000)                      | <u>1,146,291</u>       | <u>1,139,978</u> |             |              |
| Basic earnings per share  |                        |                  | <u>8.45</u> | <u>12.84</u> |
| Net profit for the period   | <u>96,843</u>          | <u>146,394</u>   |             |              |
| Number of shares used in the calculation of basis earning per share ('000)      | 1,146,291              | 1,139,978        |             |              |
| Number of shares assuming exercise of employee share options (1st batch) ('000) | 7,464                  | 13,672           |             |              |
| Number of shares assuming exercise of employee share options (2nd batch) ('000) | -                      | -                |             |              |
|   | <u>1,153,755</u>       | <u>1,153,650</u> |             |              |
| Dilutive earnings per share (Sen)   |                        |                  | <u>8.39</u> | <u>12.69</u> |

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

|  | As at<br>31/01/2017<br>RM'000 | As at<br>30/04/2016<br>RM'000<br>(Audited) |
|--|-------------------------------|--|
| Total retained earnings of the Company and its subsidiaries: |                               |  |
| - realised   | 207,923                       | 294,062                                    |
| - unrealised   | <u>43,872</u>                 | <u>45,759</u>                              |
|  | 251,795                       | 339,821                                    |
| Share of results from associated companies                   | # <u>38,351</u>               | <u>29,894</u>                              |
|  | 290,146                       | 369,715                                    |
| Less: Consolidation adjustments                              | (46,215)                      | (9,439)                                    |
| Total group retained earnings as per consolidated accounts   | <u>243,931</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