ANNUAL REPORT 2019

BERMAZ AUTO BERHAD
(Company No. 900557-M)

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(Company No. 900557-M)

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MISSION STATEMENT

THE DISTRIBUTOR OF CHOICE THROUGH OUR CORE VALUES (ETHOS)

To be THE DISTRIBUTOR of CHOICE

"THE"

Refers to the "best known, most satisfying".

"CHOICE"

Customers decide to make Mazda their choice.

Fulfilling Customer's satisfaction in tandem with a RICH and REWARDING OWNERSHIP EXPERIENCE

CORPORATE PROFILE

Bermaz Auto Berhad ("BAuto") was incorporated in Malaysia on 11 May 2010 as a private limited company under the name Fiscal Start Sdn Bhd. It assumed the name Berjaya Auto Sdn Bhd on 14 February 2011 and was subsequently converted into a public company on 11 July 2011. BAuto was listed on the Main Market of Bursa Malaysia Securities Berhad on 18 November 2013. On 11 October 2016, BAuto announced its change of name to the current Bermaz Auto Berhad.

The Group is principally involved in the distribution and retailing of Mazda vehicles as well as provision of after-sales services for Mazda vehicles in Malaysia via Bermaz Motor Sdn Bhd and Bermaz Motor Trading Sdn Bhd (collectively "Bermaz"). In the Philippines, the distribution of Mazda vehicles and spare parts is undertaken by Bermaz Auto Philippines Inc ("BAP") through appointed dealers.

Bermaz Motor Sdn Bhd commenced operations on 1 April 2008 after it entered into a Distribution Agreement with Mazda Motor Corporation ("Mazda Japan") on 28 February 2008 and was awarded the distributorship of specific models of Mazda CBU ("Completely Built-Up") vehicles, spare parts, accessories and tools in Malaysia. As at 30 April 2019, Bermaz owns 13 branches, of which 8 are 3S ("sales, spare parts and after-sales services") centres, 3 are 2S ("spare parts and after-sales services") centres, 1 is 1S ("sales") centre and 1 flagship Body & Paint Repair centre. It also has 71 centres operated by appointed third party dealers nationwide.

BAP commenced operations on 2 January 2013 after it entered into a Distribution Agreement with Mazda Japan on 12 September 2012. As at 30 April 2019, it has 21 3S centres operated by appointed third party dealers.

Mazda Malaysia Sdn Bhd ("MMSB") is a 30% associated company of Bermaz Motor Sdn Bhd, with the remaining 70% equity interest held by Mazda Japan. MMSB is principally involved in the local assembly of Mazda vehicles by a third party contract assembler, Inokom Corporation Sdn Bhd ("Inokom"), using local parts and imported Mazda supplied parts. On 1 December 2014, the Company acquired 20% equity interest in Inokom, followed by additional acquisitions of 4% and 5% equity interest on 25 February 2015 and 26 January 2016 respectively. Inokom is now a 29% owned associated company of the Group.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
Dato' Sri Yeoh Choon San

Chief Executive Officer
Dato' Lee Kok Chuan

Independent Non-Executive Directors
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin
Dato' Abdul Manap Bin Abd Wahab
Loh Chen Peng
Datuk Syed Hisham Bin Syed Wazir
Dato' Kalsom Binti Abd. Rahman
Adibah Khairiah Binti Ismail @ Daud

AUDIT COMMITTEE

Chairman/Independent Non-Executive Director
Loh Chen Peng

Independent Non-Executive Directors
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin
Dato' Abdul Manap Bin Abd Wahab
Datuk Syed Hisham Bin Syed Wazir
Adibah Khairiah Binti Ismail @ Daud

SECRETARIES

Tham Lai Heng Michelle
(MAICSA No. 7013702)
Wong Siew Guek
(MAICSA No. 7042922)

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 10-04A & 10-04B, Level 10, West
Berjaya Times Square
No.1, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2145 0533
Fax: 03-2145 9702

AUDITORS

Ernst & Young (AF:0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-7495 8000
Fax: 03-2095 5332

REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2149 1999
Fax: 03-2143 1685

PRINCIPAL BANKERS

CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
AmBank Islamic Berhad
Malayan Banking Berhad
OCBC Al-Amin Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK SHORT NAME

BAUTO (5248)

PLACE OF INCORPORATION AND DOMICILE

Malaysia

Mazda MX-5

PROFILE OF DIRECTORS

DATO' SRI YEOH CHOON SAN
68 years of age, Malaysian, Male
Executive Chairman

He was appointed as an Executive Director of the Company on 27 July 2011 and he was later appointed as the Chief Executive Officer on 15 November 2011. Subsequently on 1 January 2019, he was redesignated as the Executive Chairman of the Company. He is also a member of the Employees' Share Scheme Committee, Sustainability Working Committee and Risk Management Committee. He became a Fellow of the Institute of Motor Industry, United Kingdom on 22 May 2007 and subsequently as the Honorary Fellow on 5 March 2014.

He graduated with a Higher National Diploma in Automotive Engineering and started his career with Cycle & Carriage Bintang Berhad, a former distributor of Mercedes Benz vehicles in Malaysia ("CCB") in 1972 as a technical executive. He left CCB and joined Borneo Motors Sdn Bhd as a Divisional Manager (Technical Services) in 1979. Subsequently, in 1983, he joined Daihatsu Malaysia Sdn Bhd as Divisional Manager until 1986. Between 1986 and 1987, he was the Management Consultant at United Segawa Automotive Industries, a 24-hour operation workshop owned by UEM Group Berhad. In 1987, he joined Perusahaan Otomobil Nasional Berhad ("Proton") as the General Manager Business Operation and International Export. During his tenure with the Proton group, he was involved in technical services, manufacturing, sales and marketing including international business development, primarily the export of Proton products to the United Kingdom, Europe, Australia and Oceania markets. He left Proton in 1996 as Executive Director/Chief Operating Officer of Proton Corporation Sdn Bhd (a wholly-owned subsidiary of Proton).

From 1996 to 2002, he was the Executive Director of Atlan Industries Bhd. In 2000, he was appointed as the Managing Director of Hyumal Motor Sdn Bhd and has been associated in Hyundai motor business operated under Hyundai-Berjaya Corporation Berhad and subsequently Hyundai-Sime Darby Corporation Berhad from 2000 to 2007. With the Hyundai franchise, he revived and modernised the Inokom plant in 2000, taking over the responsibility of managing the Inokom plant for the production of quality passenger cars. During his tenure with the Hyundai group of companies in Malaysia, he served as Chief Executive Officer/Executive Director/ Managing Director/Advisor. Overall, he has over 40 years of experience in the automotive industry, encompassing the various fields of retail, distribution and manufacturing.

Currently, he is also a Director of Bermaz Motor Sdn Bhd, Bermaz Motor Trading Sdn Bhd, Bermaz Auto Philippines Inc, Mazda Malaysia Sdn Bhd and Inokom Corporation Sdn Bhd.

PROFILE OF DIRECTORS

DATO' LEE KOK CHUAN
60 years of age, Malaysian, Male
Chief Executive Officer

He was appointed to the Board on 27 July 2011 as a Non-Independent Non-Executive Director of the Company and was subsequently re-designated as an Executive Director of the Company on 1 June 2017. He was later redesignated as the Chief Executive Officer of the Company on 1 January 2019. He is a member of the Sustainability Working Committee, Employees' Share Scheme Committee and Risk Management Committee.

He graduated with a Bachelor of Economics (Accounting Major) from Monash University, Melbourne, in 1983 and is a Fellow Member of the Institute of Chartered Accountants in Australia. He has over 10 years of working experience in the fields of accounting, auditing and corporate services with major international accounting firms including Messrs Ernst & Whinney (Kuala Lumpur) (now known as Ernst & Young), Messrs Arthur Young (Melbourne) and subsequently Messrs Ernst & Young (Melbourne). He joined Berjaya Land Berhad as Senior Manager, Internal Audit in 1994 and was responsible for its internal audit functions and in 1996 was promoted to General Manager-Internal Audit of the Berjaya group of Companies. He was an Executive Director of Berjaya Group Berhad from January 2000 to September 2001. He was appointed as the Chief Executive Officer of Berjaya Food Berhad ("BFood") in 2010 and resigned from BFood on 1 June 2017.

He is currently the Chairman of Bermaz Auto Philippines Inc. and a Director of Bermaz Motor Sdn Bhd, Bermaz Motor Trading Sdn Bhd, Mazda Malaysia Sdn Bhd and Inokom Corporation Sdn Bhd.

PROFILE OF DIRECTORS

DATO' SYED ARIFF FADZILLAH BIN SYED AWALLUDDIN

75 years of age,
Malaysian, Male
Independent
Non-Executive Director

He was appointed to the Board on 27 July 2011 as the Chairman of the Company. Subsequently on 1 January 2019, he relinquished his position as the Chairman of the Company and continues to remain as an Independent Non-Executive Director of the Company. He is a member of the Audit Committee, Sustainability Working Committee and Risk Management Committee as well as the Chairman of the Nomination Committee and Employees' Share Scheme Committee.

He obtained a Bachelor of Arts Degree in History from University Malaya in 1967, a Diploma in International Relations from University of Oslo in 1974, a Diploma in Development Administration from London School of Economics (now known as London School of Economics and Political Science) in 1973 and a Master of Arts in International Relations from New York University in 1984.

He started his career as an Assistant District Officer of Kulim, Kedah in 1967. Thereafter, he joined the Public Service Commission, Kuala Lumpur as Assistant Secretary in 1970 before being transferred to the Ministry of Foreign Affairs in 1972. He was appointed as the First Secretary in the High Commission of Malaysia in Ottawa, Canada in 1973, the Charge' d' Affaires of Malaysia in Tripoli, Libya in 1976, the Principal Assistant Secretary, Ministry of Foreign Affairs in 1979 and subsequently, the Deputy Permanent Representative of the Permanent Mission of Malaysia to the United Nations in New York in 1982. In 1986, he was appointed as the Deputy Chief of Mission in the Malaysian Embassy in Jakarta, Indonesia and from 1989 to 1991, he served as the Ambassador of Malaysia to Fiji with concurrent accreditations to Tuvalu, Tonga, Western Samoa, Kiribati and Nauru. He also served as the Undersecretary at the Ministry of Foreign Affairs in charge of Southeast Asia and South Pacific from 1991 to 1992. Prior to retiring in November 2001, he served as the Ambassador of Malaysia to the Republic of Korea with joint accreditation to Mongolia from 1992 to 1995 and as Ambassador of Malaysia to Thailand from 1996 to 2001. He had served on the boards of MNRB Holdings Berhad, MNRB Retakaful Berhad and Malaysian Reinsurance Berhad and resigned from the boards of these companies in October 2015.

He is currently the Chairman of Ecofirst Consolidated Berhad and Ikhmas Jaya Group Berhad.

DATO' ABDUL MANAP BIN ABD WAHAB

61 years of age,
Malaysian, Male
Independent
Non-Executive Director

He was appointed to the Board on 27 July 2011 as an Independent Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee and also a member of the Audit Committee, Nomination Committee, Sustainability Working Committee and Risk Management Committee.

He graduated with a Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978. In 1980, he obtained his Bachelor in Business Administration from Ohio University, United States of America. In 1993, he graduated with a Masters in Business Administration (Finance) from the University of Hull, UK.

He started his career in 1980 with Malayan Banking Berhad ("Maybank") and served in various capacities throughout his tenure. He was the Head of Group Retail Marketing of Maybank before he left in 2002. From 2003 to 2004, he was providing lecturing, training and development services as an independent consultant. In 2005, he joined Bank Muamalat Malaysia Berhad as the Chief Executive Officer and left the bank in 2008. During that same period, he was also the President of the Association of Islamic Banks Malaysia. Throughout his banking tenure, he also served as a Director in Malaysian Electronic Payment System Sdn Bhd ("MEPS") and MEPS Currency Management Sdn Bhd. He also sat on the audit committee of MEPS and served as a member of Program Development Panel in the International Centre for Education in Islamic Finance (INCEIF).

He is currently a Director of Opensys (M) Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad and also holds directorships in several private limited companies.

PROFILE OF DIRECTORS

LOH CHEN PENG

65 years of age,
Malaysian, Male
Independent
Non-Executive Director

He was appointed to the Board on 27 July 2011 as an Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee and Risk Management Committee. He is also a member of the Remuneration Committee, Nomination Committee and Sustainability Working Committee.

He started his career in 1975 when he joined Deloitte and articled to complete the professional examinations of the Malaysian Institute of Certified Public Accountants ("MICPA"). He completed his professional examinations in 1980 and was admitted as a member of the MICPA in 1981.

He left Deloitte in 1980 and joined Arab-Malaysian Merchant Bank Berhad, a merchant banking group during which he held several senior management positions in the areas of corporate advisory and corporate banking. He left the bank in September 1993 and thereafter served as the Chief Operating Officer in the stockbroking firm of Inter-Pacific Securities Sdn Bhd for 4 months. In April 1994, he was involved in establishing Phileo Allied Bank Berhad, a commercial bank and served as an Executive Director until 2001. He was a Director of Tropicana Corporation Berhad until his resignation in February 2013. He had also served on the boards of AmBank (M) Berhad, AmInvestment Bank Berhad and AmIslamic Bank Berhad and resigned from the boards of these banks in July 2014.

He is now involved in some private ventures and he was re-appointed as an Independent Non-Executive Director of Tropicana Corporation Berhad on 1 August 2018.

DATUK SYED HISHAM BIN SYED WAZIR

65 years of age,
Malaysian, Male
Independent
Non-Executive Director

He was appointed to the Board on 19 December 2016 as an Independent Non-Executive Director of the Company. He is the Chairman of the Sustainability Working Committee. He is a member of the Audit Committee, Remuneration Committee and Risk Management Committee.

He graduated with a Bachelor of Science Degree in Mechanical Engineering from Plymouth University, United Kingdom in 1979 and obtained his Master of Business Administration from Ohio State University, United States of America in 1996.

Datuk Syed Hisham has vast exposure in the motor industry at senior management level. He started his career in the automotive field in 1983, when he joined HICOM Berhad and was later seconded to Perusahaan Otomobil Nasional Berhad ("PROTON") as Marketing Service Deputy Manager, before serving the Business Division of PROTON as Senior Manager. In 1995, he was promoted to General Manager of Proton Corporation Sdn Bhd., a subsidiary of PROTON, engaged in the distribution and marketing of PROTON cars for the domestic and overseas markets. Datuk Syed Hisham was subsequently appointed as Director of Proton Cars (UK) Pte Ltd from 1997 to 1998, and from 1998 to 2000, he served as General Manager, International Business of DRB-HICOM Export Corporations Sdn. Bhd. In 2001, he became General Manager, Marketing Division of Honda Malaysia Sdn. Bhd. before being appointed as President/Chief Operating Officer from 2003 to 2005. In 2005, he was appointed as Managing Director of Edaran Otomobil Nasional Berhad, where he served until 2009 and from 2009 to 2010, he served as Chief Operating Officer of Naza Kia Sdn Bhd and Naza Kia Services Sdn Bhd. In October 2010, he was appointed as the President and Group Chief Executive Officer of UMW Holdings Berhad until he retired in October 2015. He was then appointed as the Managing Director of Puncak Niaga Holdings Berhad in November 2015 and resigned on 3 August 2016.

He is currently a Director of Sirim Berhad and Sirim QAS International Sdn Bhd.

PROFILE OF DIRECTORS

DATO' KALSOM BINTI ABD. RAHMAN

71 years of age,
Malaysian, Female
Independent
Non-Executive Director

She was appointed to the Board on 2 April 2018 as Independent Non-Executive Director of the Company. She is a member of the Remuneration Committee and Employees' Share Scheme Committee.

She graduated with a Bachelor of Economics (Honours) from University of Malaya followed by a Master in Business Administration (Finance) from the University of Eugene, Oregon, the United States of America. In addition, she has also attended numerous seminars and training programmes on trade, industry and investments organised by international and regional agencies such as, World Trade Organization (WTO), United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), World Intellectual Property Organization (WIPO), the World Bank, Asia-Pacific Economic Cooperation (APEC), Association of Southeast Asian Nations (ASEAN), including executive and management programmes at Stanford University and Harvard Business School.

She spent more than 33 years in the Ministry of International Trade and Industry (MITI) in various capacities both at headquarters and its overseas offices as well as the Chief Executive Officer of the Small and Medium Industries Development Corporation (SMIDEC) (now known as SME Corporation Malaysia (SME Corp.) and as Deputy Secretary General (Industry) of MITI before she retired in 2004. Subsequently, she became the Chairman of SMIDEC until October 2006. Dato' Kalsom was also the Chairman of the Executive Committee of Invest-In-Penang Berhad, a state government agency responsible for the promotion of investments, technology and business into Penang, a position she held until 2008.

Dato' Kalsom has been a nominee director of the Permodalan Nasional Berhad ("PNB") group of companies since 2004. With the recent reorganisation and restructuring of the PNB group, Dato' Kalsom had retired from two of its subsidiaries namely, MIDF Property Berhad and Amanah Scots Property (KL) Sdn Bhd with effect from June 2017 and had been appointed as a director of PNB Commercial Sdn Berhad in July 2017. She was also a director of Malaysian Industrial Development Finance Berhad and certain of its subsidiaries from 2001 to March 2016 and a director of MISC Berhad, a public listed company from 2004 to April 2017.

Currently, Dato' Kalsom is a Director of Tashin Holding Berhad.

ADIBAH KHAIRIAH BINTI ISMAIL @ DAUD

54 years of age,
Malaysian, Female
Independent
Non-Executive Director

She was appointed to the Board on 8 April 2019 as an Independent Non-Executive Director of the Company. She is a member of the Audit Committee and Nomination Committee.

Puan Adibah started her career with Coopers & Lybrand in 1988, where her last position was as the Senior Auditor. She had subsequently joined Sapura Holdings Sdn Bhd in 1995 as the Internal Audit Manager and was later seconded to Sapura Motors Berhad as the Head of Internal Audit. In 2002, she joined Percon Corporation Sdn Berhad as Financial Controller cum Company Secretary. Puan Adibah resigned from Percon and joined Permodalan Nasional Berhad in 2005 and was seconded to Pelangi Berhad as the Financial Controller before being appointed as Company Secretary of Permodalan Nasional Berhad in 2006. She assumes the current position as the Group Company Secretary in 2014.

Save as disclosed, none of the Directors have:-

1. any family relationship with any directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

CHONG BOON KIAN
40 years of age, Malaysian, Male
Chief Financial Officer
Date of Appointment : 3 July 2017

He is a qualified accountant, graduated with a Bachelor of Accounting and Finance degree from Middlesex University, London in 2000. He is a member of the Malaysian Institute of Accountants ("MIA") and a Fellow of the Association of Chartered Certified Accountants ("FCCA"), UK. He began his career with KPMG in 2000 and subsequently joined PricewaterhouseCoopers ("PwC") in 2003. He was an Audit Executive Senior in PwC before he left in 2006 to join Cycle & Carriage Bintang Berhad ("CCB") as an Accountant. He has been with CCB for more than 10 years and was promoted to Chief Financial Officer ("CFO") before he left in October 2016. He was appointed CFO of the Company on 3 July 2017.

LEE AI HOON
53 years of age, Malaysian, Female
Head of Marketing
Date of Appointment : 1 July 2008

She graduated from Universiti Sains Malaysia, Pulau Pinang in 1991 with a Bachelor of Science (Hons) Degree majoring in Chemistry and a minor in Marketing. She has more than 25 years of experience in various automotive companies including Proton Corporation Sdn Bhd, Nusa Otomobil Corporation Sdn Bhd and Hyundai-Sime Darby Motors Sdn Bhd. She has been with Bermaz since July 2008 as the General Manager - Marketing and is in charge of the Marketing Department. She is also responsible for the setting up of the Customer Relationship Management ("CRM") programmes in Bermaz and overseeing the CRM Department as well. In May 2014, she was re-designated to the position of Head of Marketing.

CHUA VIN TECK
64 years of age, Malaysian, Male
Head of Sales
Date of Appointment : 1 July 2010

He has more than 30 years of sales experience in the automotive industry. He completed his secondary education in 1974 and started his career in 1976 with Champion Motor Sdn Bhd which was previously the distributor of Land Rover, Range Rover, Audi and Volkswagen vehicles in Malaysia. He had also worked with Land Rover Malaysia and Cycle & Carriage Group and had gained invaluable experience over the years in marketing and selling various car brands. After retiring in June 2010, he was offered an employment contract with Bermaz as the National Sales Manager on 1 July 2010. In July 2012, he was promoted to Divisional Manager – Sales before being re-designated in May 2014 to the position of Head of Sales.

SHAMSUDDIN BIN HAJI AMRAN
54 years of age, Malaysian, Male
Head of After-Sales
Date of Appointment : 1 April 2008

He graduated from the Industrial Training Institute of Kuala Lumpur in 1986 with a Certificate in Automotive Training. He also obtained his Fellowship from the Institute of the Motor Industry ("IMI") United Kingdom in April 2012. He started his career with Cycle & Carriage Malaysia Sdn Bhd as an apprentice in 1984 under the Malaysian National Apprenticeship Scheme ("NAS"). He joined Hyundai-Berjaya Corporation Berhad in 1991 as Technical Advisor where he successfully completed the comprehensive Hyundai Korea Technical Program. He joined Bermaz in April 2008 as the Senior Manager – Technical Services. He was promoted to Divisional Manager – After-Sales in May 2010 before being re-designated to the position of Head of After-Sales in May 2014 overseeing and managing the performance and operations of the overall After-Sales division.

YOON CHOOI LIANG
58 years of age, Malaysian, Female
Head of Planning & Distribution, Logistics and CBU Business
Date of Appointment : 1 April 2008

She holds a Diploma in Secretaryship from Bedford Finishing School in 1983. She has more than 30 years of experience in the automotive industry which include companies like Tan Chong & Sons Motor Company Sdn Bhd and Cycle & Carriage Bintang Berhad where she gained many years of invaluable working experience from exposure to various divisions such as sales and marketing, dealer's operations, administration and planning & distribution. She joined Bermaz in April 2008 as the Manager - Planning & Distribution and was subsequently promoted to Divisional Manager - Planning & Distribution in May 2010. In May 2014, she was re-designated to the position of Head of Planning & Distribution, Logistics and CBU Business. She is responsible for the procurement of completely built-up ("CBU") and completely knocked-down ("CKD") vehicles, distribution, costing, logistics planning, pre-delivery inspection ("PDI") operation and accessory fitment.

PROFILE OF KEY SENIOR MANAGEMENT

HIEW HOCK NGAN
51 years of age, Malaysian, Male
Head of Business Development/CKD
Date of Appointment : 1 July 2011

He is a qualified Accountant and holds a professional qualification from the Association of Chartered Certified Accountants ("ACCA") since 1996. Currently he is a Fellow member of the ACCA, member of the Malaysian Institute of Accountants ("MIA") and member of CPA Australia ("Certified Practising Accountant"). He has more than 30 years of working experience in the fields of accounting, financial management, audit, information technology and operations. He joined Berjaya Group in May 1992 and was seconded to Bermaz in 2009 responsible for the Mazda CKD operations before being permanently transferred to Bermaz in July 2011 as the General Manager - CKD Operations. In May 2014, he was re-designated to the position of Head of Business Development/CKD. He was part of the key management team that contributed to the successful listing of the Company in Bursa Malaysia Securities Berhad.

FOO CHUEN WAH
52 years of age, Malaysian, Male
Head of Information Technology and Dealer Development
Date of Appointment : 1 April 2008

He has more than 25 years of experience in the information technology ("IT") field. A qualified Company Secretary with the Institute of Chartered Secretary and Administrators ("ICSA"), UK and registered with Chartered Secretaries Malaysia ("MAICSA"). In 1993, he obtained his Master in Business Administration from Cranfield University, UK. He started his career in 1989 with various companies. In 2002, he joined Hyundai-Sime Darby Motors Sdn Bhd and was responsible for the IT and Dealer Development. In April 2008, he joined Bermaz as the Senior Manager – Information Technology and Dealer Development and was promoted to Divisional Manager – Information Technology and Dealer Development in May 2010. He was re-designated in May 2014 to the position of Head of Information Technology and Dealer Development responsible for all IT matters of Bermaz.

LOW WEN HAN
34 years of age, Malaysian, Male
Head of Human Resource
Date of Appointment : 1 April 2019

He graduated with Bachelor in Social Science (Honours) majoring in Psychology from Universiti Tunku Abdul Rahman in 2008 and subsequently attained certification by the International Labour Organization ("ILO") with Executive Diploma in Industrial Relations from Malaysian Employers Federation Academy in 2015. He was appointed as panel members of the Industrial Court of Malaysia since 2016. He has over 11 years of working experience in the fields of human resource where he started his career with JobStreet.com Sdn Bhd and subsequently moved to AIG Malaysia Insurance Berhad. He was the HR Business Partner in AXA Affin General Insurance Berhad before he joined the Group as its Human Resource Manager in November 2015 and was responsible for the overall Industrial/Employee Relations, Benefits Administration & Training matters. He was promoted to Senior Manager in April 2018 and assumed the role of Acting Head of Human Resource, managing the overall functions of the department. He was promoted as the Head of Human Resource in April 2019.

NOR ASHIKIN BINTI AKBAR
43 years of age, Malaysian, Female
Head of Corporate Affairs & Government Support
Date of Appointment : 1 July 2014

She graduated with BBA (Hons) in International Business from University of Technology Mara in 1999. In May 2005, she joined Berjaya Land Berhad as Manager – Business Development/Special Project liaising with various government departments. She was in charge of the Corporate Affairs Department of the Berjaya Group motor division. She was promoted to Deputy General Manager in 2011 and subsequently General Manager in 2013. She has been a senior member of the Berjaya Group motor division since 2005. She joined Bermaz in July 2014 as General Manager – Special Projects/Business Development, liaising and engaging with government departments/ authorities on automotive matters. She was promoted to the position of Head of Corporate Affairs & Government Support in May 2019.

Save as disclosed, none of the Key Senior Management have:-

1. Any directorship in public companies and listed issuers;
2. Any family relationship with any Directors and/or major shareholders of the Company;
3. Any conflict of interest with the Company;
4. Any conviction for offences within the past 5 years other than traffic offences; and
5. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Bermaz Auto Berhad ("BAuto"), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 April 2019.

Mazda CX-3

FINANCIAL RESULTS

For the financial year ended 30 April 2019, the Group reported an all-time high annual revenue of RM2.52 billion as compared to RM1.99 billion in the previous financial year. The 26.6% increase in revenue was mainly due to higher vehicle sales volume from the domestic operations as the Group benefited from the change in Goods and Services Tax ("GST") from the standard rate of 6% to 0% from June to August 2018 and the positive response to the Group's offer to absorb the Sales and Service Tax ("SST") for bookings received prior to 1 September 2018. The stronger domestic sales performance had more than offset the impact of softer sales recorded by the Philippine operations as Bermaz Auto Philippines Inc's ("BAP") vehicle sales volume continued to be affected by the Tax Reform for Acceleration and Inclusion ("TRAIN") law that was implemented in January 2018.

The Group recorded a pre-tax profit of RM340.6 million as compared to the previous financial year of RM197.1 million. The higher pre-tax profit was largely attributed to strong revenue growth and improvement in gross profit margin from the domestic operations and a significant increase in share of profit contribution from Mazda Malaysia Sdn Bhd ("MMSB") as production volume for the new CX-5 model soared to a new level. The improvement in the domestic gross profit margin was mainly due to favourable sales mix and foreign exchange movement. In line with softer sales from the Philippine operations, profit contribution from BAP was lower as compared to the previous financial year.

DIVIDEND

For the financial year ended 30 April 2019, the Board had declared and paid a total dividend amounting to 21.25 sen single-tier dividend per share as compared to 10.40 sen single-tier dividend per share in the previous financial year ended 30 April 2018. The total dividend distribution was approximately RM246.7 million, representing about 93% of the attributable profit of the Group for the financial year ended 30 April 2019.

CHAIRMAN'S STATEMENT

SUSTAINABILITY

BAuto and its group of companies have a mission statement which states the desire to be "the Distributor of choice through the core values (or ETHOS) of Honesty, Integrity, Commitment, Loyalty and Humanity".

The above mission statement is one of the guiding principles of the BAuto Group for achieving sustainability in realising the Group's business objectives. In order for the Group to remain as an important car distributor in the country, the Group shall ensure that sustainability requirements and practices continue to be an integral part of its business objectives. The Group will always uphold sustainable practices in everything it does and environmental, business and social responsibilities should be at the heart of its business operations.

BAuto Group's Sustainability Statement (as set out on Page 21 - Page 49) underlines the Group's commitment towards sustainability and its endeavours to continuously improve across the three major aspects of sustainability, i.e. Economic, Environmental and Social ("EES") considerations.

SIGNIFICANT CORPORATE DEVELOPMENT

On 8 December 2016, the Company announced the proposed listing of its indirect subsidiary, BAP on the Main Board of the Philippine Stock Exchange, Inc. ("PSE") ("Proposed Listing"). After having considered the prevailing challenging market conditions of the Philippines automotive industry, the Company has announced it will not proceed with the Proposed Listing on 28 November 2018.

AWARDS

During the financial year under review, Mazda vehicles have evolved to become one of the most recognised and renowned car brands in the Malaysia automotive industry as it managed to win 10 awards in the Cars of Malaysia 2018 (also known as Aurizn Awards) for most of its models, ranging from Mazda2 up to CX-9. The ever-popular Mazda CX-5 continued to receive recognition as it won the Midsize Crossover Car of the Year from the Malaysia Car of the Year Awards hosted by the Malaysia Automotive Institute. Apart from that, the Mazda CX-5 also garnered several other awards such as the Best Midsize SUV/Crossover in the Star's Carsifu Editor's Choice Award, the Best SUV in the People's Choice Awards hosted by Carlist.my and the Best Large SUV in the Female Car & Gadget Awards 2018. Mazda6 also won the Editor's Choice Awards 2018 for the Outstanding Design hosted by Carlist.my. In the recent Mazda Distributor Commendation Program, Mazda Motor Corporation presented the Company with an award for achieving the highest share and sales volume of all time in the calendar year 2018.

In the Philippines, BAP received no less than 10 awards during the financial year. Top Gear Philippines, the most popular automotive online title in the country, recognised Mazda as the brand with the Best Motorsports in 2018. In the People's Choice Awards organised by AutoFocus, the Mazda6 won the Best Design of the Year for Midsize Sedan while the Mazda2 bagged the Best Engine Performance and Best Design awards in the Subcompact Sedan category. The country's top automotive print title, C! Magazine, also recognised the Mazda CX-5 as the Best Family Vehicle and the Mazda CX-9 as the Best Midsize SUV. In recognition of BAP's excellence in providing the best sales experience to its customers, the online automotive selling website, Autodeal, bestowed BAP its Top Online Customer Service Award. Moreover, BAP's after-sales efforts were likewise recognised as it ranked first in the 2019 J.D. Power Customer Service Index Study. This is the second time BAP has topped the list of automotive brands in the field of customer service.

FUTURE PROSPECTS

For calendar year 2019, Bank Negara Malaysia ("BNM") retained its Gross Domestic Product ("GDP") growth projections between 4.3% and 4.8% which is in line with the first quarter GDP growth estimate of 4.5%, driven by private sector spending, capacity expansion of key industries and the gradual recovery in the commodities sector.

The Malaysian Automotive Association ("MAA") had projected the Total Industry Volume ("TIV") of 600,000 units after considering the local and global economy which is expected to remain subdued. On top of that, the ongoing trade war between the United States of America ("USA") and China, the review of mega projects by the current government post GE14, the declining value of the Malaysian Ringgit and stricter hire purchase guidelines could further affect local consumer sentiments. However, the Group is optimistic that the expected launch of the all new CX-8, CX-30 and the facelifted CX-5 model which includes the 2.5L Turbo variant in Malaysia in the second half of calendar year 2019 could mitigate some of these challenges.

In early May 2019, BNM announced the reduction of its Overnight Policy Rate ("OPR") by 25 basis points to 3% which may equate to a lower hire purchase interest rate and this is expected to boost consumer spending which could positively impact the growth of the TIV.

CHAIRMAN'S STATEMENT

Despite the anticipated challenging trading conditions, Bermaz Motor Sdn Bhd and Bermaz Motor Trading Sdn Bhd (collectively "Bermaz") remain cautious but confident that they will be able to sustain its total sales volume for the financial year ending 30 April 2020.

Bermaz will continue to consolidate its dealership network to further strengthen its brand position while simultaneously continuing to seize timely opportunities to further expand its sales dealership network in order to increase its geographical coverage especially into smaller townships so as to increase its sales volume for both new and pre-owned cars. With an already established sales and service network, Bermaz will explore new range of products from non-conflicting manufacturers to further grow its sales revenue base.

Bermaz remains focused on the sales of the Mazda CKD ("completely knocked-down") vehicles as this will enable Bermaz to compete effectively in the market with more affordable pricing. With the Group's equity holding in Inokom at a significant 29% and its collaboration with Mazda Malaysia Sdn Bhd ("MMSB"), the Group continues to be in a strong position to exert influence on MMSB's production of Mazda vehicles to cater for the demand of Mazda CKD models.

In the Philippines, despite the challenges on both the global and domestic fronts, the economy is forecasted to remain vibrant and the World Bank forecasted the Philippines GDP growth rate to be of 6.4% for 2019 and 6.5% for 2020 and 2021. BAP seeks to preserve its revenue and profitability through further strengthening its brand equity in tandem with sustainable dealer supports and introduction of new and refreshed models.

APPRECIATION

On behalf of the Board, I am pleased to welcome Puan Adibah Khairiah Binti Ismail @ Daud who joined us as an Independent Non-Executive Director on 8 April 2019. I would like to also extend my congratulations to Dato' Lee Kok Chuan on his appointment as the CEO of the Group on 1 January 2019.

I would like to thank all of our distinguished customers, business partners, financiers, shareholders, dealers and the regulatory authorities for their trust and continuous support towards the Group.

I would also like to express my gratitude for my appointment as the Executive Chairman of the Board. Last but not the least, I would also like to extend my heartfelt appreciation to my fellow members of the Board for the continued collective efforts, support and contributions, and to the management team and employees, for their commitment and hard work towards the growth of the Group. I believe through synergy and dedication from everyone in the Group, we will be able to strive for greater progress and achieve new milestones in the coming years.

Dato' Sri Yeoh Choon San
Executive Chairman

9 August 2019

GROUP FINANCIAL PERFORMANCE

FINANCIAL RESULTS		
Key indicators	**2019**	**2018**
Vehicle Sales	**Unit**	**Unit**
- Malaysia	15,844	11,315
- Philippines	3,160	5,202
Total	**19,004**	**16,517**
	RM	**RM**
Revenue	2.52 billion	1.99 billion
Profit before tax	340.6 million	197.1 million
Profit attributable to owners of the parent ("PATAMI")	264.0 million	140.0 million
Basic Earnings per share	22.75 sen	12.12 sen
Dividend per share	21.25 sen	10.40 sen
Dividend payout as a percentage of PATAMI	93%	86%

For the financial year ended 30 April 2019, the Group registered a revenue and profit before tax of RM2.52 billion and RM340.6 million respectively as compared to the previous financial year which reported a revenue and profit before tax of RM1.99 billion and RM197.1 million respectively.

The increase in Group revenue of RM527 million or about 26% was mainly attributed to robust sales volume growth from the domestic operations as the change in Goods and Services Tax ("GST") from the standard rate of 6% to 0% from June to August 2018 and the Group's offering to absorb the Sales and Service Tax ("SST") for bookings received before 1 September 2018 has boosted demand, in particular the SUV models. This was however partly offset by contraction in sales volume from the Philippine operations as its sales was impacted by the Tax Reform for Acceleration and Inclusion ("TRAIN") law that was implemented in January 2018.

Unit sales in Malaysia increased by 40.0% from 11,315 units in financial year 2018 to 15,844 units in financial year 2019 while in the Philippines, unit sales decreased by 39.3% from 5,202 units in financial year 2018 to 3,160 units in financial year 2019.

The Group's profit before tax also improved by RM143.5 million or 72.8% largely due to higher revenue and improvement in gross profit margin from the domestic operations, and a significantly higher share of profit contribution from its associated company, Mazda Malaysia Sdn Bhd ("MMSB"). The improvement in the domestic gross profit margin was primarily due to favourable sales mix towards high value models and favourable foreign exchange movement, while the higher share of profit contribution from MMSB was mainly due to an increase in production volume for the CX-5 model. However, this was partly offset by a lower profit contribution from the Philippine operations as a result of weaker sales and lower profit margin.

The Group's Profit After Tax and Minority Interests ("PATAMI") improved by 88.6% from RM140.0 million in financial year 2018 to RM264.0 million in financial year 2019.

FINANCIAL POSITION AND LIQUIDITY		
Key indicators	**2019**	**2018**
	(RM'million)	**(RM'million)**
Non-current Assets	265.1	196.8
Current Assets	702.5	654.9
Total Assets	**967.6**	**851.7**
Non-current Liabilities	105.9	65.1
Current Liabilities	251.9	262.1
Total Liabilities	**357.8**	**327.2**
Net Equity Funds	564.6	476.8
Non-controlling interests	45.2	47.7
Total Equity	**609.8**	**524.5**
Net Cash	320.2	260.7
Gearing	Nil	Nil

Non-current Assets increased by RM68.3 million or 34.7% over the last financial year mainly due to share of associates profit during the financial year. Current Assets increased by RM47.6 million or 7.3% mainly due to increase in inventories, particularly the CX-5 models. Non-current Liabilities increased by RM40.8 million or 62.6% mainly due to increase in contract liability/ deferred revenue and provision for warranty as a result of improvement in domestic unit sales. In addition, the change in free service maintenance period in Malaysia from three (3) years to five (5) years effective January 2019 has also contributed to the increase in contract liability/deferred revenue. Current Liabilities reduced by RM10.2 million or 3.9%, mainly due to reduction in short term borrowings but partly offset by increased in trade and other payables.

The increase in Net Equity Funds was in line with the increase in retained earnings where the PATAMI is higher than the dividend paid during the financial year. The Group's financial position remains strong and healthy with Net Equity Funds at RM564.6 million (2018: RM476.8 million), net cash position at RM320.2 million (2018: RM260.7 million) with no gearing despite high dividend payout at 93% (2018: 86%) of PATAMI.

MAZDA OPERATIONS IN MALAYSIA

The Group's wholly owned subsidiaries, Bermaz Motor Sdn Bhd and Bermaz Motor Trading Sdn Bhd (collectively "Bermaz") are principally involved in the distribution and retailing of new and used Mazda vehicles and the provision of after-sales services for Mazda vehicles. As at 30 April 2019, Bermaz owns 13 branches, of which 8 are 3S ("sales, spare parts and after-sales services") centres, 3 are 2S ("spare parts and after-sales services") centres, 1 is 1S ("Sales") centre and 1 flagship Body & Paint Repair centre. It also has 71 dealer centres operated by third party nationwide, of which 37 are 3S centres, 13 are 2S centres and 21 are 1S centres. The Group is indirectly involved in the assembly of Mazda CKD ("completely knocked-down") vehicles through its associate companies, MMSB and Inokom Corporation Sdn Bhd ("Inokom"). MMSB owns the rights to assemble Mazda CKD vehicles through third party contract assemblers for local distribution and export to ASEAN region, while Inokom is primarily engaged in the manufacture and assembly of light commercial and passenger vehicles, and contract assembly of Mazda and other passenger vehicles at its vehicle assembly plant in Kulim, Kedah.

The Malaysian Automotive Association ("MAA") reported an increase of 3.8% in new vehicle sales or total industry volume ("TIV") for calendar year 2018 to 598,714 units as compared to 576,625 units recorded in the previous calendar year. This improvement is likely attributed to the tax holiday period following the change of government in May 2018. During that period, GST was revised from 6% to 0% from 1 June 2018 to 31 August 2018 before the reimplementation of the SST on 1 September 2018. This has resulted in the reduction in vehicle prices and hence, an upsurge in demand for vehicles during the tax holiday period.

Bermaz recorded an improvement in revenue of 47.5% to RM2.17 billion for the financial year ended 30 April 2019 as compared to RM1.47 billion in the previous financial year. The improvement in revenue was largely attributed to robust sales volume growth during the tax holiday period from 1 June 2018 to 31 August 2018 and Bermaz offering to absorb the SST for bookings received before 1 September 2018 which boosted demand, particularly the SUV models. Bermaz was the first in the market to announce that it will honour customer bookings made before the introduction of SST and will absorb the tax and not pass it on to customers. Bermaz believes this commitment has enabled more of their customers to enjoy this one-off economic windfall as well as build Mazda brand loyalty. Bermaz took this unconventional decision which resulted in almost 7,000 forward bookings and the margin of incremental sales was more than enough to absorb the cost.

After-sales revenue continued to grow positively at 11.4% as the number of unit in operations ("UIO") has increased significantly over the years. In our continuous pursuit to enhance value proposition for Mazda's customers in the areas of ownership experience and ownership cost, all new Mazda vehicles registered from 1 January 2019 onwards, comes with a 5-Year Warranty and 5-Year Free Service Maintenance (with the exceptions of BT-50). With Mazda vehicles kept in road worthiness conditions, the residual value of all Mazda vehicles will be sustainable over a longer life span. Customers and Bermaz's mutual interest will also be sustainable through the economic cycle.

Bermaz's profit before tax increased substantially by 104.2% to RM279.9 million from RM137.1 million in the previous financial year due to higher revenue and improvement in gross profit margin. The improvement in gross profit margin was mainly attributed to favourable sales mix towards high value models and favourable foreign exchange movement.

The Group saw a significant improvement in its associate company's performance with MMSB making significantly higher net profit contribution of RM44.4 million as compared to RM15.3 million in the previous financial year, representing a year-on-year increase of 191.3%. The significant improvement in net profit contribution from MMSB was mainly attributed to an increase in production volume for the new CX-5 model to cater for both the domestic and export markets in the ASEAN region.

Going forward, Bermaz will continue to invest in its sales and after-sales service network to provide a better ownership experience for Mazda customers. In addition, Bermaz will step up its effort to introduce new CKD models, for instance CX-8 at more competitive prices by working closely with Mazda Motor Corporation and MMSB to continuously seek way to increase local content and drive cost down. As part of its long-term sustainability program, MMSB and Inokom will continue to invest in plant facilities in order to increase production capacity and improve efficiency and quality.

For calendar year 2019, MAA has forecasted a TIV of 600,000 units after taking into consideration the global economy which is expected to remain subdued. The uncertainties over the ongoing trade war between the USA and China, review of mega projects by the government post GE14, a persistently weak Ringgit Malaysia and the more stringent hire purchase guidelines could further affect the local consumer sentiment.

Overall, trading conditions in the Malaysian automotive market is expected to remain challenging largely due to competitive trading environment, the continuation of strict lending rules for hire purchase and cautious consumer sentiment as a result of uncertainties in the local and global economy. However, the expected launch of the all new CX-8, CX-30 and the latest facelift CX-5 models which includes the 2.5L Turbo variant in the second half of the calendar year 2019 may mitigate some of these challenges. The recently launched all new Mazda3 is also expected to perform reasonably well.

MAZDA OPERATIONS IN THE PHILIPPINES

Bermaz Auto Philippines Inc ("BAP") is primarily engaged in the distribution of Mazda vehicles and spare parts in the Philippines through appointed third-party dealers who act as the retailers of Mazda vehicles and the provision of after sales services for the Mazda vehicles to end customers. All of its dealer centres are 3S centres, offering full services that comprise showrooms, after-sales vehicle servicing facilities, and sale of Mazda spare parts and accessories. BAP currently has a network of 21 dealerships operated by third party dealers located nationwide.

Based on the consolidated reports from Chamber of Automotive Manufacturers of the Philippines, Inc. ("CAMPI"), the Truck Manufacturers Association ("TMA"), and Association of Vehicle Importers and Distributors ("AVID"), Philippines Automotive Industry reached 401,803 units sold for calendar year 2018, down by 15.2% against 473,943 units sold for calendar year 2017. Vehicle sale in calendar year 2018 decline comes after eight consecutive growth years for the Philippine automotive industry. The performance was significantly dampened by advance purchases made by customers during the latter part of calendar year 2017 in anticipation that the TRAIN law, which was implemented in January 2018, will cause an excise tax hike. The automotive industry was also affected by a slower economy due to higher global fuel prices and weaker Philippine Peso.

For the financial year ended 30 April 2019, BAP reported revenue of Php4.50 billion compared to Php6.45 billion in the previous financial year ended 30 April 2018. The 30.2% decrease in revenue was primarily due to decrease in sales volume from 5,202 units sold during the last financial year compared to 3,160 units sold in the financial year under review. Profit before tax for the financial year under review amounted to Php132.2 million compared to last financial year's profit before tax of Php489.4 million. The significant decrease in profit before tax was mainly attributed to lower sales volume and lower profit margin primarily due to higher cost of goods sold brought by a weaker Philippine Peso and increased dealer support during the financial year under review. Sales volume from the Philippine operations was affected by the TRAIN law that was implemented in January 2018. The TRAIN law has caused an increase in excise tax and consequently car prices have also increased, thus dampening the demand for motor vehicle in the Philippines. Despite these challenges from both global and domestic fronts, the Philippines economy is forecasted to remain vibrant and the World Bank forecasted the Philippines Gross Domestic Product ("GDP") growth of 6.4% for 2019 and 6.5% for 2020 and 2021. BAP seeks to preserve its revenue and profitability through further strengthening its brand equity in tandem with sustainable dealer support and the launching of the new and facelift models.

IMPACT OF NEW GENERATION PRODUCTS

To put the future of auto industry in perspective, the acronym of CASE, depicting Connected, Autonomous, Shared & Electrification, aptly represents these disruptors that are challenging the auto players globally. Briefly, it can be envisaged as follows;

a) **Connected** means data compilation being used to provide services to customers and will specifically serve the manufacturer to produce even better cars in future.

b) **Autonomous** refers to features being built into the car to enhance safety with more automated reactions to assist the driver in responding to situations and this will develop into fully autonomous driving one day.

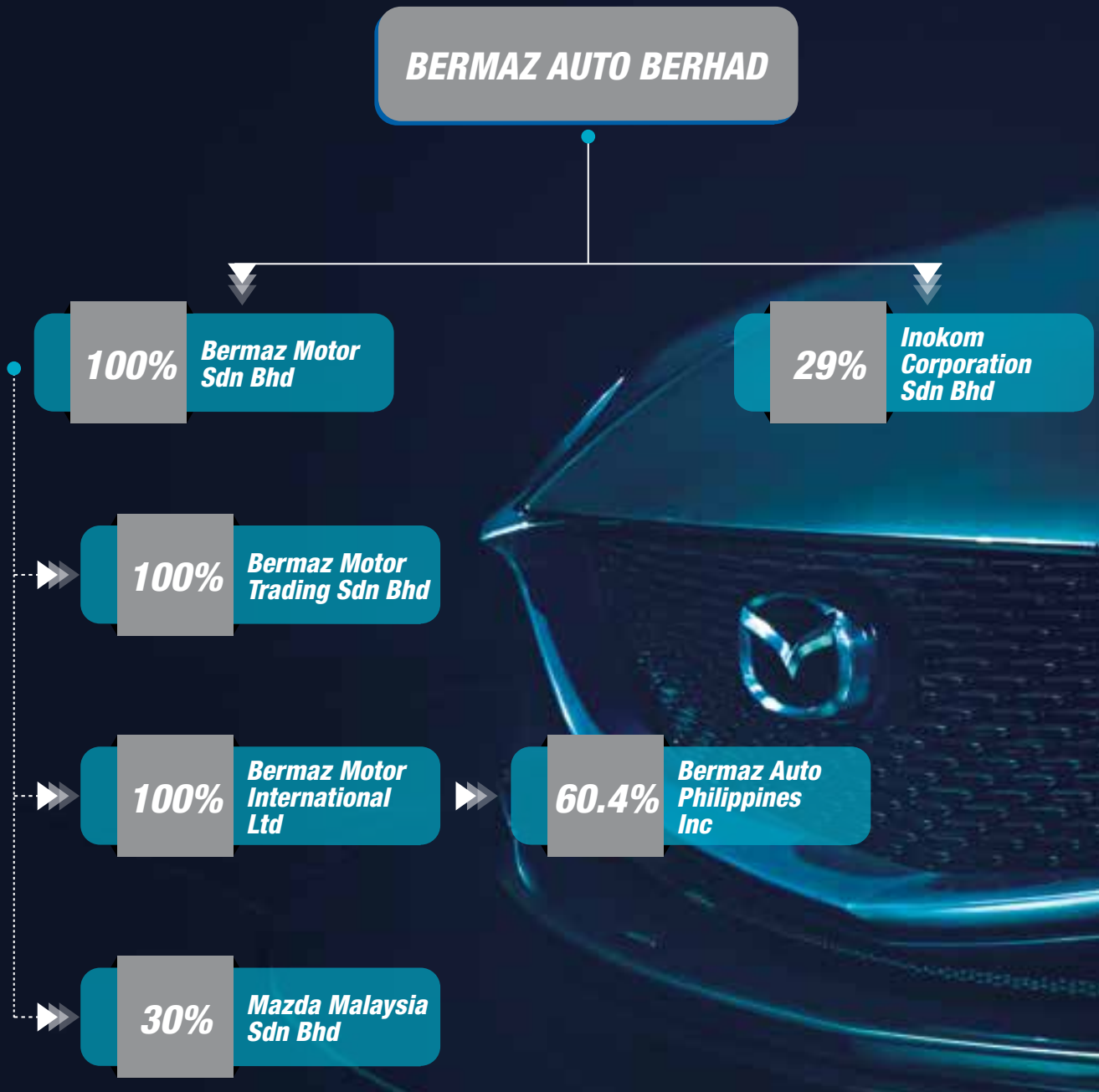
c) **Shared** is pointing towards mobility solution that is changing the mindset of car ownership to short or long -term lease.

d) **Electrification** has been touted to replace internal combustion engines sooner than expected.

The disruptor compels the Group to re-strategize and prepare themselves to embrace the rapidly changing environment. The Group had remapped their IT landscape needs to cater for the digitalisation of business processes as well as acknowledging the growing preference of customers connecting the world through their mobile phone. The Group must recognize the difference in the aftersales provision for an internal combustion engine and electrified car, thus the Group needs to re-think their investment plans involving the retail network. The growing popularity of shared mobility services have forced the Group to stop doing business as usual and reinvent their business models to include new pillars to remain relevant. All new generation products do have eco friendliness theme behind their technology and from Mazda, the Group's principal believes in developing a sustainable green engine to be in line with the new order demanded by the industry.

The Internet of Things in almost all businesses propels the Group to a new phase of uncharted paths. The Group's direction to custom fit new generation products with CASE's DNA, new customers' demands as well as new industry standards shall be implemented in a timely manner into the Group's operations. This inadvertently calls for appropriate investments to equip the Group to face the forthcoming changes adequately. Unpreparedness to embrace these new standards will inevitably makes the Group defenseless against these fierce new competition rules. The advent of a new era is unfolding fast and the Group is getting ready to be ahead of the curve to remain relevant in this automotive business.

CORPORATE STRUCTURE *as at 9 August 2019*



GROUP FINANCIAL SUMMARY

Description	2019 USD'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	609,177	2,519,862	1,992,868	1,659,997	2,095,391	1,830,443
Profit before tax	82,332	340,565	197,067	175,158	278,257	298,971
Profit for the year	64,498	266,796	150,963	131,485	210,360	219,485
Profit attributable to shareholders	63,832	264,039	139,975	117,648	197,629	212,374
Share capital #	146,955	607,879	602,957	594,747	573,336	406,760
Reserves #	(8,888)	(36,768)	(121,601)	(147,158)	(39,312)	66,845
Equity funds	138,067	571,111	481,356	447,589	534,024	473,605
Treasury shares	(1,568)	(6,486)	(4,593)	(4,173)	(2,783)	-
Net equity funds	**136,499**	**564,625**	**476,763**	**443,416**	**531,241**	**473,605**
Non-controlling interests	10,931	45,218	47,741	48,981	31,773	18,929
Total equity	**147,430**	**609,843**	**524,504**	**492,397**	**563,014**	**492,534**
Non-current liabilities	25,602	105,904	65,139	66,887	83,908	63,328
Current liabilities	60,892	251,881	262,096	396,398	301,969	183,688
Total equity and liabilities	**233,924**	**967,628**	**851,739**	**955,682**	**948,891**	**739,550**
Non-current assets	64,086	265,092	196,818	179,879	167,858	136,844
Current assets	169,838	702,536	654,921	775,803	781,033	602,706
Total assets	**233,924**	**967,628**	**851,739**	**955,682**	**948,891**	**739,550**
Total number of shares with voting rights in issue ('000)	1,159,741	1,159,741	1,159,264	1,152,055	1,145,272	1,138,928 *
Net assets per share (US$/RM)	0.12	0.49	0.41	0.38	0.46	0.42 *
Net earnings per share (Cents/Sen)	5.50	22.75	12.12	10.25	17.32	18.74 *
Dividend per share (Cents/Sen)	5.14	21.25	10.40	11.65	16.90	14.60
Net dividend amount (US$'000/RM'000)	59,638	246,693	120,577	133,986	193,377	138,227

Notes:

Figures for 2015-2019 are for 12 months ended 30 April.

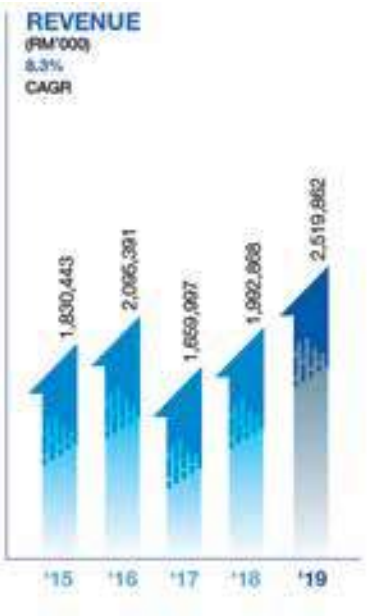
Where additional shares are issued, the earnings per share is calculated based on a weighted average number of shares in issue with voting rights.

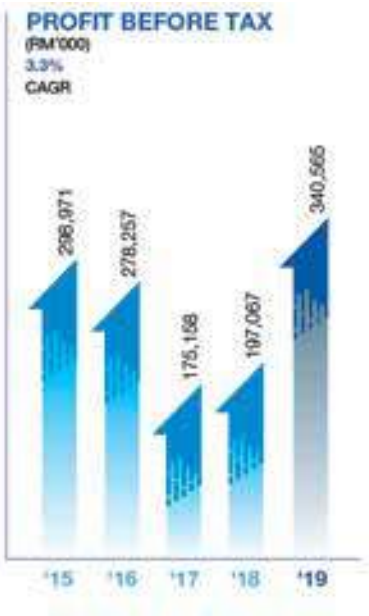
* Comparative figures for 2015 have been adjusted for bonus issue to be comparable to the current year's presentation.

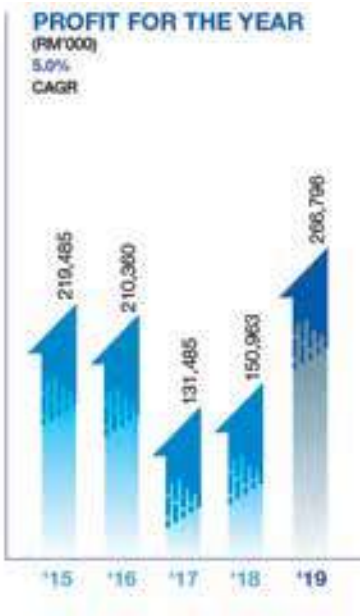
\# In applying the merger method of accounting, comparative figures in the consolidated financial statements are stated as if the issue of shares for the acquisition of Bermaz Motor Sdn Bhd had taken place at the earliest date presented.

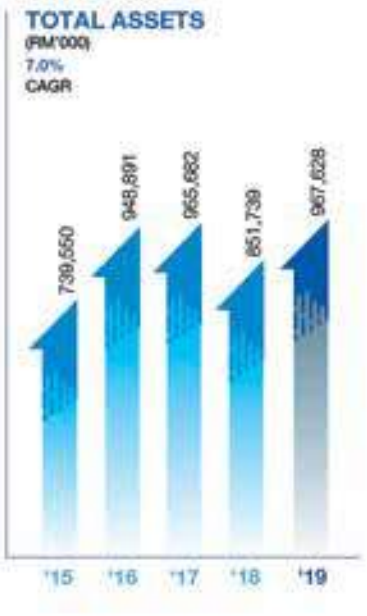
Exchange rate: US$1.00=RM 4.1365

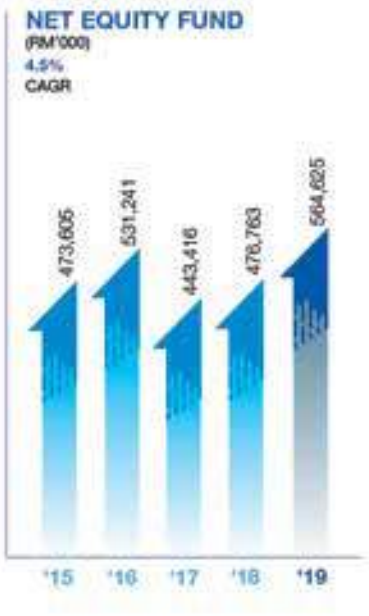
GROUP
FINANCIAL HIGHLIGHTS

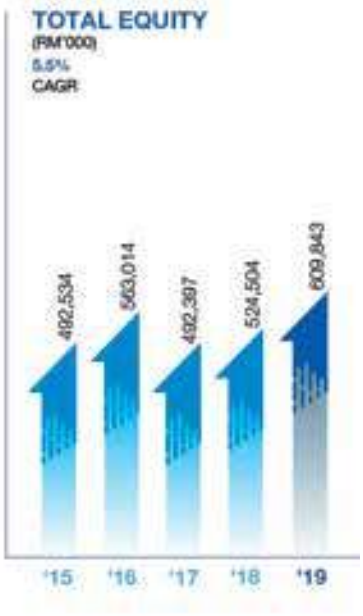












Note: CAGR – Compounded Annual Growth Rate


MAZDA 3

SUSTAINABILITY STATEMENT 2019

Mazda SKYACTIV Engine


Mazda CX-5

CONTENTS

SUSTAINABILITY STATEMENT

Mazda CX-8

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

All references to "Company" or "BAuto" in this Sustainability Statement are to Bermaz Auto Berhad. All references to "Group" or "BAuto Group" in this Sustainability Statement are to our Company and our subsidiaries in Malaysia taken as a whole. References to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries in Malaysia, save where the context requires otherwise.

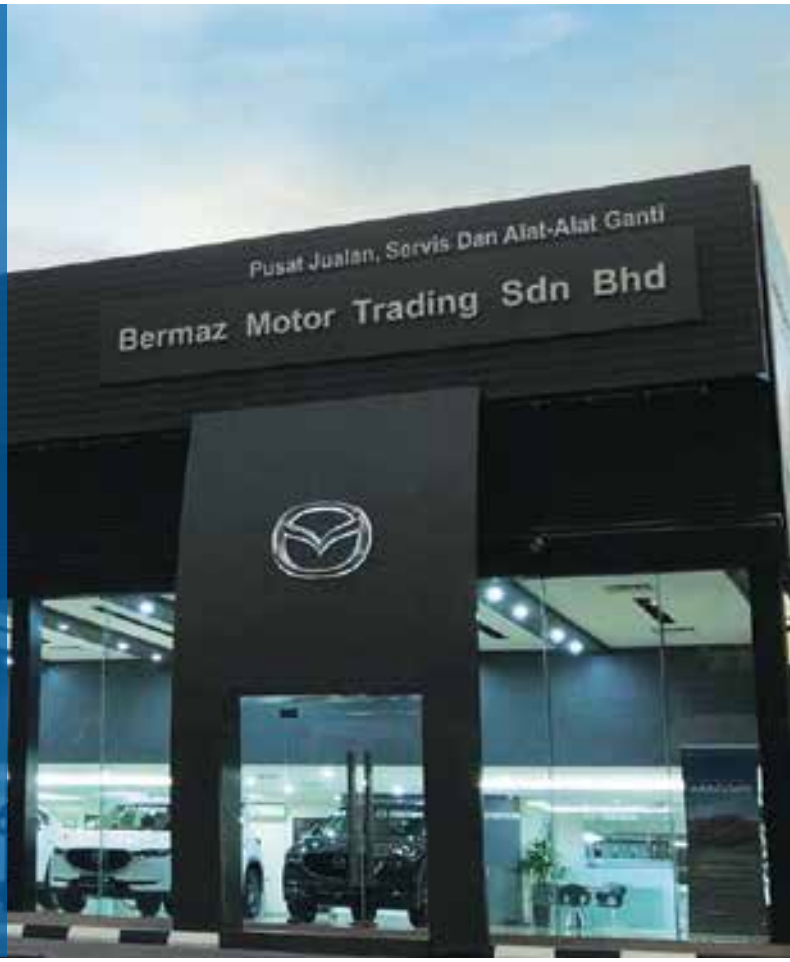
BAuto's Sustainability Statement 2019 summarises the Group's operating sustainability performance. Committed to prompt and transparent disclosure, BAuto aims to build stakeholders' long-term trust while achieving sustainable growth that benefits society.

Sustainability efforts are advanced by establishing lasting relationships with our stakeholders through appropriate disclosure, reporting and dialogue. This annual disclosure underlines the Group's commitment to sustainability and summarises its improvement in the three major pillars of sustainability: economic, environmental and social (EES).

SCOPE OF REPORT

Reporting Period
1 May 2018 to 30 April 2019 ("FY2019"), unless specified.

Reporting Cycle
Annually



COVERAGE

This Sustainability Statement covers BAuto and its wholly-owned subsidiaries, Bermaz Motor Sdn Bhd (Bermaz Motor) and Bermaz Motor Trading Sdn Bhd.

Due to the nature of the Group's operations, Mazda Motor Corporation of Japan ("Mazda Japan") serves as both principal and main supplier. Certain aspects of Mazda Japan's sustainability initiatives have been included if they are relevant to our operations.

We also report on some of the sustainability activities of Mazda Malaysia Sdn Bhd ("MMSB") as it is an integral part of the whole Mazda business in Malaysia. MMSB is a 30% associated company of Bermaz Motor, with the remaining 70% equity interest held by Mazda Japan. The Group has significant influence over the management of MMSB and both parties work together symbiotically with Mazda Japan.

BAuto also owns 29% equity in Inokom Corporation Sdn Bhd ("Inokom"). Some of Inokom's employees are dedicated to MMSB's operations and many of its facilities have been designed to BAuto Group and Mazda Japan's specifications. Relevant statistics and initiatives have also been included in this statement.

Sustainability initiatives by Bermaz Auto Philippines Inc ("BAP") have not been included in this sustainability statement. Currently, we are streamlining our data collection processes and hope to include BAP operations in our future disclosure.

References and Guidelines

- Principal Guideline: Global Reporting Initiative (GRI) Standards
- Additional Guidelines:
  - Bursa Malaysia's Sustainability Reporting Guide
  - FTSE4Good Bursa Malaysia Index
  - International Organization for Standardization (ISO) 26000:2010 Guidance on Social Responsibility

Feedback

Chief Financial Officer
No 7, Jalan Pelukis U1/46
Temasya Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Website: https://www.bauto.com.my

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT BAUTO

Sustainability continues to be integrated into our business model as we deliver innovative products and services. We take responsibility for the social and environmental conditions that directly contribute to lasting economic success. Efficient and resource-friendly supply chain processes and sustainable solutions help us deliver a clear competitive advantage for our customers. As a result, sustainability is becoming an increasingly important part of our corporate strategy.

We support our Government's policies and initiatives introduced from time-to-time and our business model is aligned with our Government's National Automotive Policy (NAP) agenda of liberation for a more competitive automotive industry.

Our activities related to sustainability focus on improving safety standards for consumers, climate protection, green technology via Energy Efficient Vehicles (EEVs), local content vendor development, high value-added manufacturing and promoting the exports of value-added products as outlined in the NAP.

Economic

- Addressing the nation's and industry's demand for competitive, clean, efficient and safe products in tandem with a lower cost of ownership and convenience
- Strengthening our brand position and expanding the sales dealership network

Environmental

- Focusing on environmentally-conscious manufacturing, production and assembly processes
- Supporting a green supply chain, recyclable packaging, environmental protection, proper waste management and other green processes

Social

- Fulfilling our responsibilities as a good corporate citizen through ongoing customised socially beneficial activities that meet the needs of local communities
- Establishing a workplace that maximises performance, encourages innovation and develops team spirit
- Delivering a safe product that elicits a rewarding ownership experience
- Transforming customers' experiences through quality products while further developing a sustainable ownership experience for Mazda owners

In striving to be sustainable, BAuto Group is committed to the following:

- Integrate sustainable values and practices in the strategic execution and operational decision processes.
- Safeguard and protect its operations by ensuring a healthy, safe and secure work environment while remaining efficient and effective
- Support the professional, developmental and personal growth of its employees
- Develop an environment agenda and plans which are integrated into business operations
- Formalise the sustainability management system including measures to monitor material sustainability matters
- Institute sustainability initiatives through effective leadership and proper stakeholder engagement
- Promote the use of locally sourced and sustainable products, services and other resources

SUSTAINABILITY GOVERNANCE

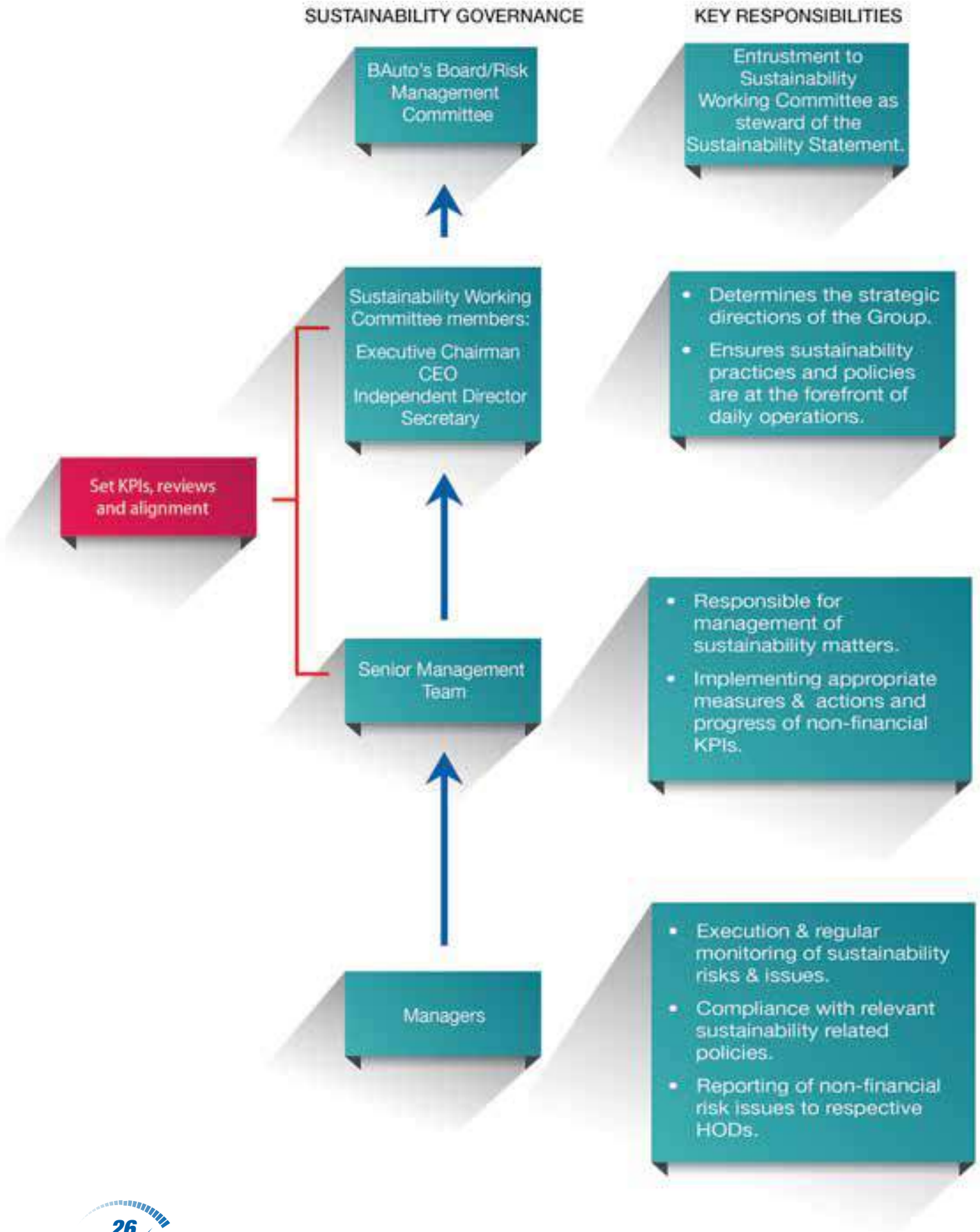
The Group's sustainability leadership is entrusted to the Sustainability Working Committee (SWC) which was formalised on 12 March 2018 by the Board of Directors. The Board oversees the Group's stewardship in pursuit of its mission statement and commercial objectives while ensuring that the organisation remains responsible and sustainable. The SWC considers sustainability issues when setting the Group's strategic direction and ensures sustainable practices are at the forefront of its daily operations.

The SWC and members of the senior management team are responsible for:

- Managing sustainability matters
- Implementing appropriate measures and action
- Ensuring sustainability programmes are aligned with the Group's direction

The SWC convenes at least once a year and is usually held at the same time as the Group's Risk Management meeting. Important sustainability issues are raised for discussion during the Company's monthly management meeting as they arise. The meeting is attended by our Executive Chairman and CEO who are also members of the Risk Management Committee.

SUSTAINABILITY GOVERNANCE



PRIORITISING WHAT IS MATERIAL

A strong and focused materiality assessment is the cornerstone of our sustainability strategy. It is consistent with our core business, meets stakeholders' expectations and produces high-impact results for both the Group and its stakeholders.

Materiality helps us objectively identify the salient areas of sustainability for our diverse stakeholders while creating long-term value that supports the Group's strategy.

DEFINING MATERIALITY

Economic, environmental and social aspects that have the greatest influence on stakeholder decisions are identified during the materiality assessment. Aspects that affect the Group's operating environment, business context and stakeholders are selected as indicators for our sustainability performance.

We commissioned an external consultant to conduct a new comprehensive study in the last quarter of FY2019. An external party was chosen to secure the anonymity of the respondents and ensure the complete impartiality of the assessment. Stakeholder representatives were asked to rate the importance they placed on 22 areas of sustainability.

Stakeholder Groups Participating in the Survey

Areas Covered by the Materiality Exercise

Economic	• Business ethics • Corruption & fraud • Anti-competition • Economic performance • Industrial advancement
Environment	• Emissions & climate change • Energy & water • Materials management • Waste management • Environmental compliance
Social	• Employment & benefits • Discrimination • Diversity • Employee engagement & volunteerism • Career development • Societal contributions • Labour management relations • Human rights • Customer privacy • Customer service • Vehicle safety • Quality

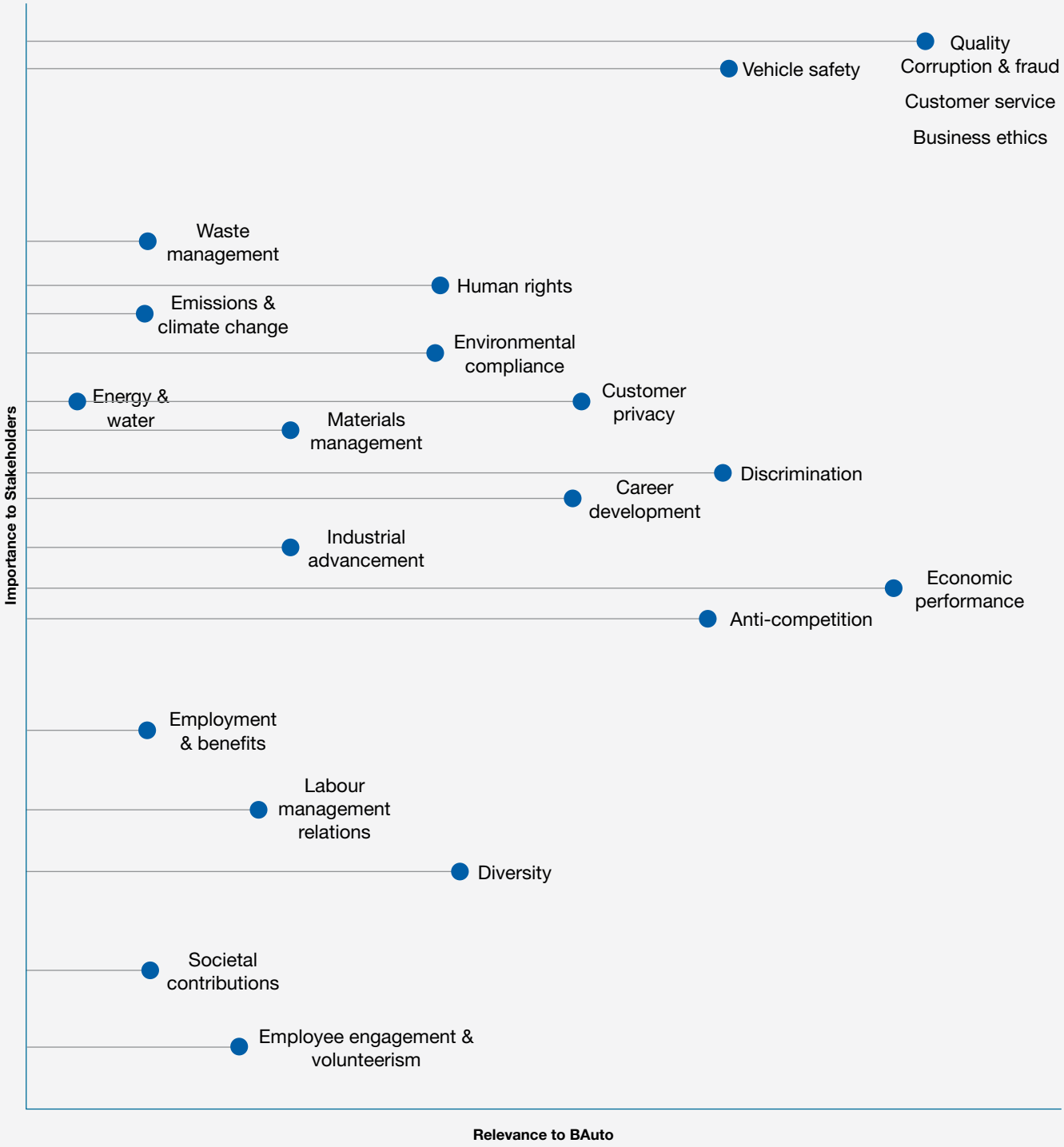
We asked 318 respondents to select the criteria deemed material to each of their chosen divisions. An average score was calculated for all areas within each stakeholder group before an average rating from all eight stakeholder groups was obtained.

We also asked all eight members of our board of directors to complete a similar survey. Their views represented the Group's strategic perspective.

Mazda3

THE RESULTS

The assessment is subject to an annual review by the SWC to ensure that we report on material aspects and measure our performance against the right indicators. Our materiality matrix is presented below.



LISTENING TO OUR STAKEHOLDERS

Stakeholders' viewpoints, decisions and actions may also affect the success of BAuto Group. We promote two-way communication and are engaged in ongoing discussions in all markets and locations. A summary of the forms of communication favoured by each stakeholder group is presented below.

Stakeholder Group	Key Emphasis	Communication Channel
Employees	• Recognising and valuing the importance of human capital development and enhancing competencies to drive competitiveness to achieve business goals	• Town-hall meetings chaired by the Executive Chairman and CEO • Continuous learning, education and training programmes • Performance Management System (PMS) • Quality Control Circle (QCC) • On-boarding programme • Sports & recreational activities
Customers and Dealers	• Ensuring customers have a rich and rewarding ownership experience	• Customer satisfaction index • Dealer conferences • Face-to-face interaction through service channels • Communication through the Customer Care Department • Feedback through the corporate website, e-mail and social media
Principal Manufacturer, AP holder and local assembler	• Building mutual rewarding business partnerships by leveraging on each other's strengths • Creating maximum joint value for the Group, principal manufacturer, importer of Mazda completely built-up ("CBU") vehicles and local assembler of Mazda completely knocked-down ("CKD") vehicles	• Meetings & business alliance events • Working closely with business partners to manage operational risks and opportunities through detailed discussions with the principal manufacturer and importer or local assembler
Shareholders	• Building a rewarding and trusting relationship with shareholders	• Annual General Meeting • Quarterly Bursa announcements • Annual financial reports • Face-to-face meeting, telephone calls and email communications with fund managers and investment analysts • Corporate website
Government Bodies and Regulators	• Engaging with relevant Government agencies and regulators to ensure full compliance	• Meeting to discuss issues related to new and updated regulations • Seminars, briefings & discussions with the regulators
Local communities	• Developing programmes aimed at strengthening local healthcare and addressing funding challenges	• Community activities organised by the Group and through Mazda Medicare Fund
Media	• Informing the public and customers of the Group's policies, practices and products in a positive, consistent, transparent and credible manner	• Media releases and interviews • Annual General Meeting • Corporate events via new car launches
Local Vendors	• Job opportunities and efficient supply chain processes	• Engagement with vendors • Corporate visits • Events

SUSTAINABILITY STATEMENT

ECONOMIC

STEADY PERFORMANCE IN TRYING TIMES

Demand for passenger cars was expected to be soft after the Sales and Services Tax (SST) was reintroduced on 1 September 2018. Under these very challenging market conditions and to mitigate the risk of declining sales, the Group committed to absorbing the SST for those placing their orders before this date. This strategy proved to be very successful as certain popular models had a waiting list of 4 to 6 months. BAuto Group was the first in the market to commit to this tax absorption. Almost 7,000 forward bookings were received and the volume of incremental sales was more than enough to offset the lower gross margin.

MMSB is committed to its localisation programme on its CKD vehicles for the long-term. Producing more CKD models that are competitively priced has fuelled greater demand for Mazda cars. Future prospects for Mazda CKD cars are certainly encouraging as tax incentives are given for the localisation of parts and components in the automotive industry under the Industrial Linkage Programme.

SUSTAINABLE SUPPLY CHAIN

INCREASINGLY LOCAL SUPPLY CHAIN

Our supply chain is highly diversified. We procure a significant volume and variety of products ranging from simple parts to high-tech electronic system components.

Supplier diversity is key to the Group's business strategy. The Group is committed, wherever possible, to purchasing materials from local suppliers in order to support local industries. The Group integrates sustainability values into its vendor selection process and prefers local industries for a more self-sustainable and efficient supply chain.

MMSB, Malaysia's largest car exporter, creates local employment by providing opportunities for local vendors. The appointment of Inokom as MMSB's car assembler has increased local employment opportunities for the communities living in the area of Kulim, Kedah. As part of the agreement, MMSB with the assistance of Mazda Japan, trains Inokom employees on technical aspects of Mazda vehicles including:

- Mazda body shop operations
- Paint shop operations
- Mazda trim and final shop operations
- Logistics, quality and maintenance operations of production facilities and tools

During the financial year, 22 candidates from MMSB and Inokom visited Japan for 7 to 27 days for training and exposure to Mazda Japan's plant operations. Candidates were intensively trained in several important areas.

Training Topics Delivered to Candidates

SUSTAINABILITY STATEMENT

INTEGRATION OF SUSTAINABILITY WITH OUR SUPPLY CHAIN STANDARDS

Our suppliers are an integral part of business operations. Close supplier engagement ensures that our sustainability expectations are clear and products and services comply with our stringent standards.

Examples of Supplier Screening Criteria

- Technical and quality expertise
- Know-how and capabilities
- Adoption of Kaizen
- Effectiveness of 5S in the workplace
- Material stock control process
- Production planning and control
- Quality improvement programme
- Inspection process and control
- Customer complaint management

Environmental, social and financial business practices are also integrated into our supply chain life cycle. Suppliers' materials selection, quality, treatment of workers and overall sustainable practices are considered along with more formal certification including:

- ✓ ISO 9001:2015 Quality Management Systems including safety requirements
- ✓ ISO/TS 16949:2009 and IATF 16949:2016 Automotive Quality Management Systems
- ✓ Safety Management Standards
- ✓ ISO 14001:2015 Environmental Management System
- ✓ OHSAS 18001:2007 Occupational Health & Safety Management System

Our new dealer agreements stipulate that dealers shall operate their businesses in line with Bursa Malaysia's and other authorities' sustainability requirements. Dealers' businesses shall be economically, environmentally and socially sustainable at all times.

ENVIRONMENTAL SUPPLY CHAIN

BAuto Group is committed to its supplier sourcing assessment processes which will include social and environmental elements such as energy use, climate change impact measurement including greenhouse gas emissions, water use, biodiversity impacts, pollution, waste, resource use and other environmental issues.

Expectations of major suppliers and dealers are communicated through our regular engagement channels such as emails and meetings.

Major suppliers shall be subjected to an environmental risk assessment to ensure their complete compliance with our environmental standards. We invite suppliers and dealers to join us on our green journey by encouraging them to monitor, record and report their environmental performance and impact reduction.

SOCIAL SUPPLY CHAIN

BAuto Group ensures that its major supply chain partners adhere to all social standards stipulated by Malaysian Labour Law and the International Labour Organisation (ILO) including:

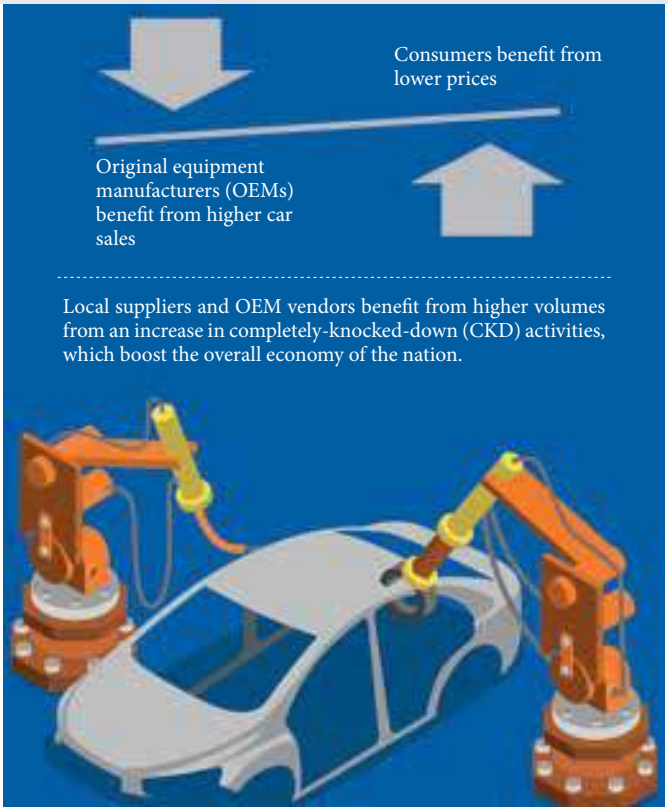
- Policies on the prevention of child labour: all suppliers must adhere to the Malaysian Labour Law on the minimum legal working age
- Policies on the prevention of forced labour
- Policies on the provision of equal opportunities and non-discrimination

- Freedom of association where everyone is free to belong to any organisation of their choice
- Right to collective bargaining and forming a union
- Eliminating excessive working hours by offering fair overtime pay and limiting working hours
- Meeting or exceeding Malaysia's minimum wage
- A safety policy, code and practices on the provision of a safe and healthy workplace

Major suppliers are encouraged to inform workers of their social obligations in a language they can understand. New and existing major suppliers shall be subjected to a social risk assessment to ensure they comply with our standards. Major suppliers shall be assessed both informally and formally, and if necessary, through physical inspection audits. The social conduct expected from major suppliers shall be communicated through our purchasing policy, supplier contract and training.

BAuto Group engages with its major suppliers in building capacity in areas that include social issues. We share best practices from other industry players for their development through these engagement sessions.

SUPPORTING THE GOVERNMENT FOR THE BEST INTEREST OF THE NATION AND ITS PEOPLE



ETHICAL BUSINESS AND CORRUPTION-FREE PRACTICES

Our business conduct follows the highest ethical standards and complies with all applicable laws and regulations. Behaving with integrity is of paramount importance in all aspects of our business. We neither seek nor accept any business advantage from unethical or corrupt conduct.

Employees must not achieve results by violating laws or other unethical and corrupt business dealings. Payments for illegal acts, indirect contributions, rebates and bribery are strictly prohibited.

All employees must not enter into fraudulent activities. Engaging in any act involving fraud, theft, embezzlement or misappropriation of any property, including that of the Group, or any of its employees, suppliers or customers is strictly prohibited.

Employees are encouraged to report any unethical behaviour and misconduct to the Executive Chairman, CEO, Head of Human Resource, Head of Corporate Planning & Controls or Head of Legal.

SUSTAINABILITY STATEMENT

ENVIRONMENT

BAuto Group's Environmental Quality Policy focuses on developing and improving environmental quality in its products, processes and operations wherever it operates. The commitment of this Policy is generally as follows:

- Ensure the Group's products and services, processes and operations are relatively safe for its employees, consumers and the environment
- Reduce the environmental impact of the Group's products and services, processing and distribution
- Promote the use of renewables whenever possible to sustainably manage energy, water and waste
- Comply with all requirements of all environmental laws and regulations
- Encourage employees to incorporate environmental quality considerations in their daily business activities

PROMOTING GREENER MOBILITY

Energy Efficient Vehicles (EEV) have a minimal effect on the environment, benefiting from the most efficient power and lowest fuel consumption. They have a reduced impact on carbon emission levels and fuel consumption compared to normal internal combustion engine vehicles.

Most of our Mazda vehicles are certified by the *Jabatan Pengangkutan Jalan (JPJ)* as Energy Efficient Vehicles (EEVs). In addition, our BT-50 pick-up truck has been verified by SIRIM as a green diesel engine vehicle.

NEXT-GENERATION GREEN TECHNOLOGY

SKYACTIV TECHNOLOGY

A key objective of SKYACTIV Technology has been to raise the vehicle's efficiency and lower its weight in all areas. Individual lighter parts can operate more efficiently. A lighter vehicle consumes less fuel to achieve the desired speed.

This technology increases the compression ratio to 14:1, 40% higher than most engines, without knocking. A 15% fuel economy improvement delivers a range of up to 30 km/l.

The various SKYACTIV Technology elements are now being integrated to improve vehicle handling. With integrated control of the engine, transmission, chassis and body, Mazda engineers are able to enhance the car's Jinba-Ittai (sense of oneness between horse and rider) feel.

ADVANCED G-VECTORING CONTROL (GVC) SYSTEM

GVC Plus, the second new-generation vehicle dynamics control technology in the SKYACTIV-Vehicle Dynamics series, continues our human-centred philosophy in delivering an enjoyable driving experience. This vehicle motion control technology integrates the control of the engine, transmission, chassis and body to enhance the car's Jinba-Ittai feel.

GVC

World's first control system to vary engine torque in response to steering inputs for integrated control of lateral and longitudinal acceleration forces and optimised vertical load on each wheel for smooth and efficient motion.

GVC PLUS

Uses brakes to add direct yaw moment control for improved handling stability. As the driver steers out of a corner, a light stabilising braking force is applied to the outer wheels, which helps straighten the vehicle.

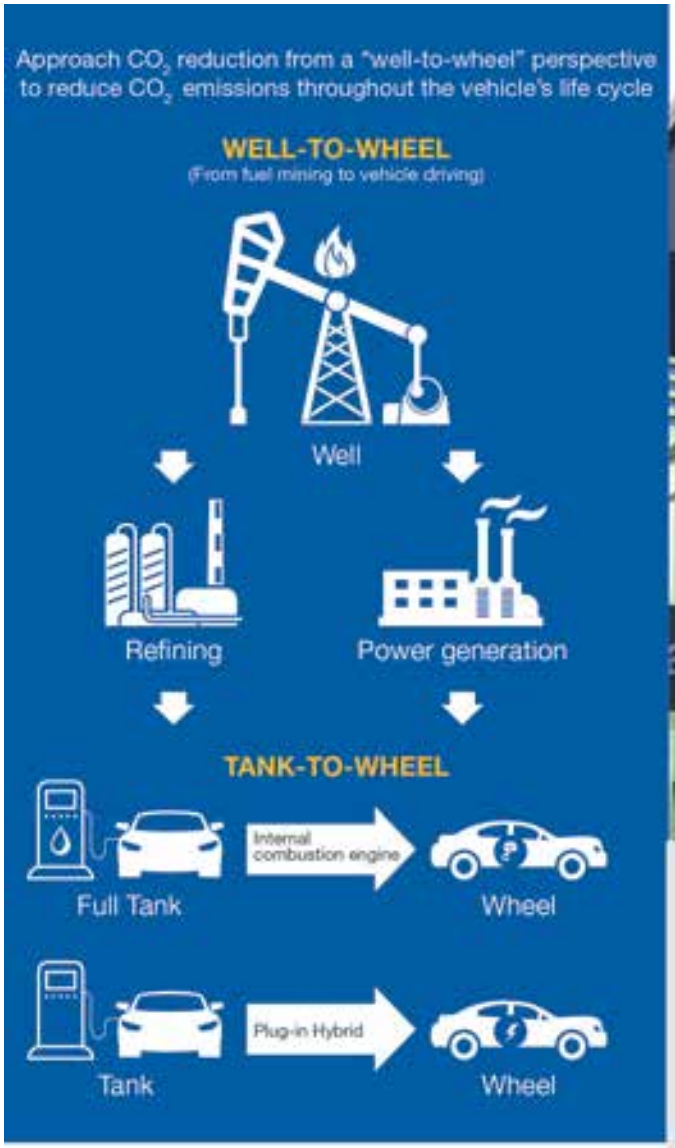
SUSTAINABLE ZOOM-ZOOM 2030

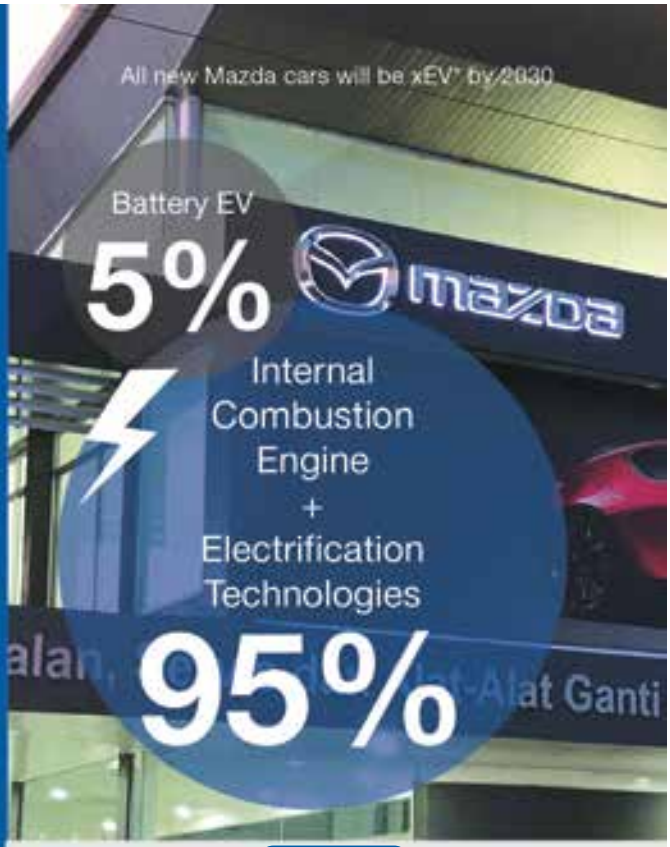
Burning fossil fuels is the main contributing factor of global warming. Mazda's electrification and connectivity strategies aim to electrify 95% of vehicles built by 2030.

Sustainable Zoom-Zoom 2030 Strategy

- Preserve earth's natural environmental balance
- Enrich society with an upcoming suite of connectivity solutions
- Continue providing driving enjoyment to customers

Mazda's well-to-wheel concept covers how the car is made and driven, from the oil wells to the wheels, until the end of its lifecycle. Mazda plans to reduce CO_2 emissions by 90% of 2010 levels by 2050. This will be achieved through many forms of electrification in its production vehicles by 2030.





COLLABORATION STUDY WITH MPOB-JAMA-JARI ON BIODIESEL

Our wholly owned subsidiary, Bermaz Motor Trading Sdn Bhd is a member of the Malaysia Automotive Association ("MAA"). We meet with other industry experts through various workshops and collaborate on initiatives that advance the automotive industry and minimise social and environmental impact throughout our supply chain.

BAuto Group collaborates with the Malaysian Palm Oil Board (MPOB), Japan Automobile Research Institute (JARI) and Japan Automobile Manufacturers Association (JAMA) on the study of the Bio-diesel B10, B15 and B20. The study aims to find a suitable and compliant fuel for use in Euro5 diesel engine vehicles. The use of clean and green technology is also promoted while boosting the consumption of oil palm products in the country.

In January 2019, our Mazda CX-5, Euro5 diesel engine vehicle (SKYACTIV-D 2.2L, 2WD), was selected as a study subject for both the lab test and on-road verification. The vehicle's exhaust emissions, exhaust gas temperature profile, fouling and clogging of system components, engine oil dilution and injector deposits were analysed. We contributed test vehicles, technical support, service and maintenance to this study.

WASTE MANAGEMENT

SOLID WASTE

The majority of the solid waste from the CKD operations was in the form of packaging for the transportation of engines and other automotive parts. Returnable racks significantly reduce this waste by streamlining production. Reusable packaging is now used to transport engines, axles, tyres, tractor hoods and other automotive components. Automotive industrial racking delivers packaging and transportation cost savings.

Sustainability Benefits of Returnable Racks

Economic

- Reduces overall costs for packaging and damaged goods since the containers are purpose-built and robust
- Reduces warehousing costs due to improved handling and less required space

Environmental

- Significantly less waste is generated
- Fewer greenhouse gas emissions are produced

Social

- Improved workplace safety and efficiency
- Supply-chain efficiencies that support parts and materials during manufacturing
- Strengthens move towards just-in-time systems

SAY NO TO PLASTIC

BAuto has taken the initiative to stop providing plastic-bottled mineral water in the company's head office as part of its ongoing green initiatives to reduce plastic waste.

SCHEDULED WASTE

Oil interceptors have been installed at all the Group's service centres to retain oil, volatile liquids and sludge. These receptors prevent hazardous waste from service centres from contaminating the drainage system and other waterways. Our oil receptors are vented to prevent this scheduled waste from being siphoned into the drainage system.

The interceptors are correctly sized so they perform optimally. Safely retaining these flammable materials also protects our employees and customers from fire and explosions inside our service centres.

Effective FY2019, all scheduled waste from our branches is collected and disposed of by a Department of Environment ("DOE") licensed waste collector such as Alam Aliran Kualiti (M) Sdn Bhd, Aliran Segar Sdn Bhd, Alivirgo Sdn Bhd, Anggun Kitar, Anggun Kitar Resources Sdn Bhd, Malik Family Resources Technology Sdn Bhd or SP Metro (M) Sdn Bhd.

SCHEDULED WASTE (TONNES)				
Type of Waste	**Waste Code**	**FY2017**	**FY2018**	**FY2019**
Spent lubricating oil	SW305	98.96	138.10	143.13
Spent mineral oil-water emulsion	SW307	-	1.80	2.17
Waste oil or oily sludge	SW311	-	1.95	0.80
Waste of thermal fluids (heat transfer) such as ethylene glycol	SW327	-	-	0.80
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	SW409	0.05	0.01	0.51
Rags, plastics, papers or filters contaminated with scheduled wastes	SW410	3.06	7.32	8.65
Total		**102.07**	**149.18**	**156.06**

SUSTAINABILITY STATEMENT

USE OF ENVIRONMENTAL-FRIENDLY PAINT

BAuto Group and MMSB applies the Ecopaint concept of using resources economically. Ecopaint booth operations use energy-efficient components, right down to the fans. Water is recycled and energy is recovered from exhaust air.

The module Ecopaint Booth system unites all components and modules via integrative interfaces. These complete systems assure the highest quality, minimum unit costs per unit, conserve resources and save energy.

The EcoHeat Recovery system recovers thermal energy from the exhaust air. This hot air is returned to the inflowing supply of fresh air, reducing the energy requirements.

The paint booth also applies EcoEnvirojet, which is a high-quality paint overspray separation system. Paint overspray in the spray booth is separated and extracted from the air by a wet scrubber system. The paint is denatured with the aid of chemicals before being separated from the water in the system tank. The EcoExhaust system extracts air from the entire spray booth system efficiently, improving its energy balance.

RESOURCE MANAGEMENT

BAuto Group believes that you cannot manage what you do not measure. Water and energy consumption are actively monitored throughout business operations.

	FY2017	FY2018	FY2019
Electricity (kWh)	3,317,578	3,422,655	3,725,184
Water (m^3)	32,274	29,595	31,443

CLIMATE CHANGE MANAGEMENT

The Group recognises the devastating effects and associated risks that climate change presents to the business. Our climate change strategy includes working with employees and supply chain partners on energy-saving fuel and performing a complete climate change risk assessment.

Mazda Japan has made significant progress by balancing the risks and opportunities from innovation. Mazda vehicles are green and technologies that reduce their short- and long-term environmental impact are developed and implemented. BAuto Group aims to maintain a sustainable planet and future for human beings and automobiles.

Initiatives Adopted to Reduce the Impact of Energy Use and Improve Efficiency

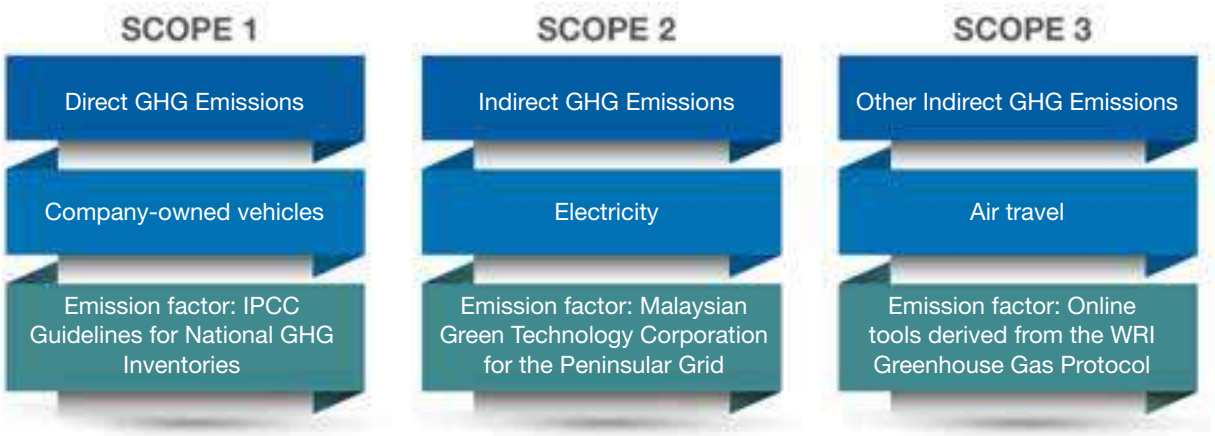
- Brake Energy Regeneration System captures kinetic energy as electricity to power the vehicle
- SKYACTIV Technology
- Electric Vehicles
- Hydrogen rotary engine prevents the release of carbon dioxide
- Idling stop technology conserves fuel by automatically turning off the engine when the automobile is stationary
- Use of bio-based environmentally-friendly plastic parts
- Recycling plastic vehicle parts

Mazda Japan achieves efficiency gains and reduces costs through adopting new technology, cleaner fuels and fuel efficiency measures.

Our management team, overseen by the Executive Chairman, Dato' Sri Yeoh Choon San and Chief Executive Officer, Dato' Lee Kok Chuan, devises strategies to manage and minimise our environmental footprint. Progress reports and proposals on energy management, climate change and pollution reduction, supported by financial indicators and Return on Investment calculations, are to be tabled for discussion at management and/or Board meetings.

BAuto Group is working to manage and measure its carbon emissions as part of its Carbon Management Plan. The internationally-recognised Greenhouse Gas ("GHG") Protocol established by the World Business Council for Sustainable Development (WBCSD) and World Research Institute (WRI) is used. Our emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

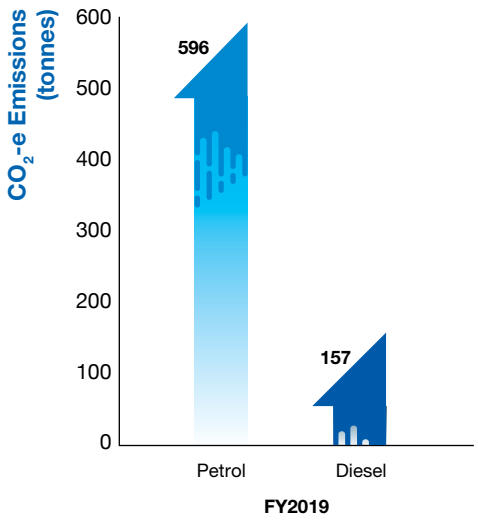
Mazda CX-9



SCOPE 1

Fuel volume is derived from the cost of purchase. In FY2019, 753 tonnes of CO_2 emissions were produced by our company-owned vehicles.

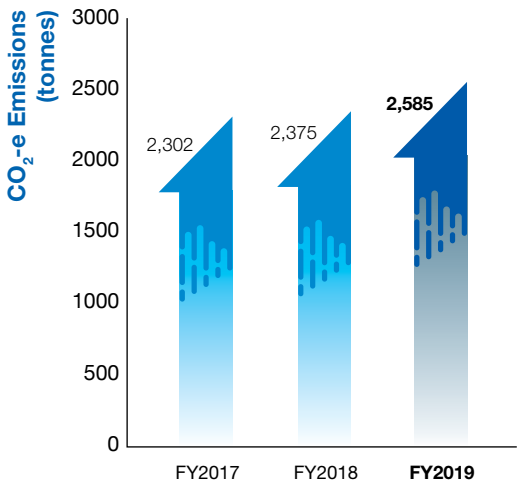
CO_2 Emissions from Company-owned Vehicles



SCOPE 2

Our emissions resulting from electricity consumption are presented below.

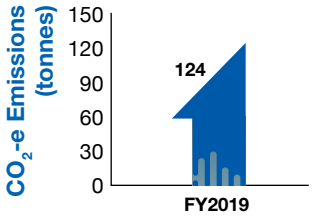
CO_2 Emissions from Purchased Electricity



SCOPE 3

Air travel GHG emissions were calculated point to point including the number of employees on board and distance travelled. Separate calculations were performed for business and economy class flights.

CO_2 Emissions from Air Travel



SKYACTIV TECHNOLOGY

SKYACTIV-G
High-efficiency SKYACTIV-G direct-injection petrol engines are your passport to a world of driving that is both exciting and eco-friendly.

SKYACTIV-DRIVE
The high-efficiency six-speed SKYACTIV-DRIVE brings you the best aspects of every type of transmission.

SKYACTIV-BODY
The SKYACTIV-BODY is engineered to achieve two conflicting aims: lighter weight with better safety performance and increased rigidity.

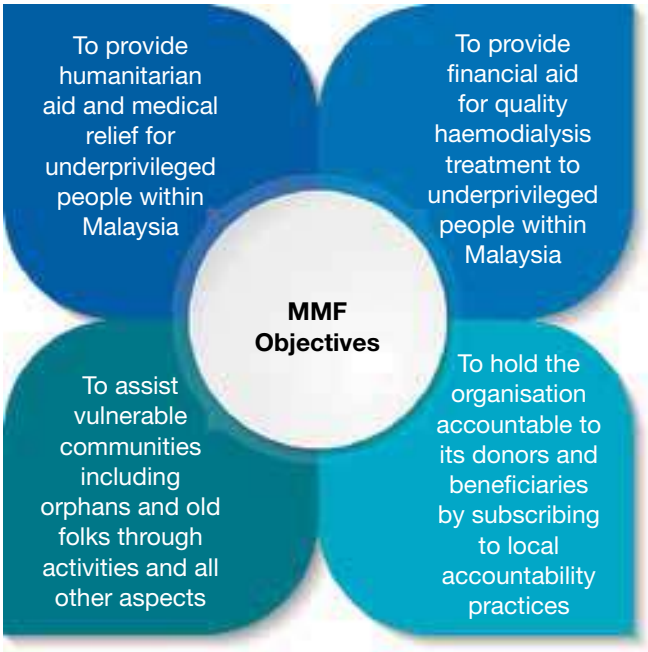
SKYACTIV-CHASSIS
The SKYACTIV-CHASSIS delivers Mazda's famous feeling of oneness between car and driver.

SUSTAINABILITY STATEMENT

SOCIAL: SOCIETY

The Group contributes to a better society by partnering with the community. Our societal commitment is at the heart of all that we do. Inclusiveness is promoted through employee volunteerism in each of our social responsibility activities. We recognise our employees' dedication in volunteering their time and effort by celebrating our achievements together and rewarding their efforts.

MAZDA MEDICARE FUND



Mazda Medicare Fund (MMF) is one of our corporate social responsibility projects that we jointly manage with our AP holder, Prima Merdu Sdn Bhd. It was officially registered on 4 June 2015.

On 1st July 2016, MMF obtained tax-exemption status from the Inland Revenue Board of Malaysia. Since then, donations made to MMF are deductible from Malaysian income tax.

MMF's collaboration with B.Braun Avitum Renal Services Sdn Bhd to provide financial aid for haemodialysis treatment

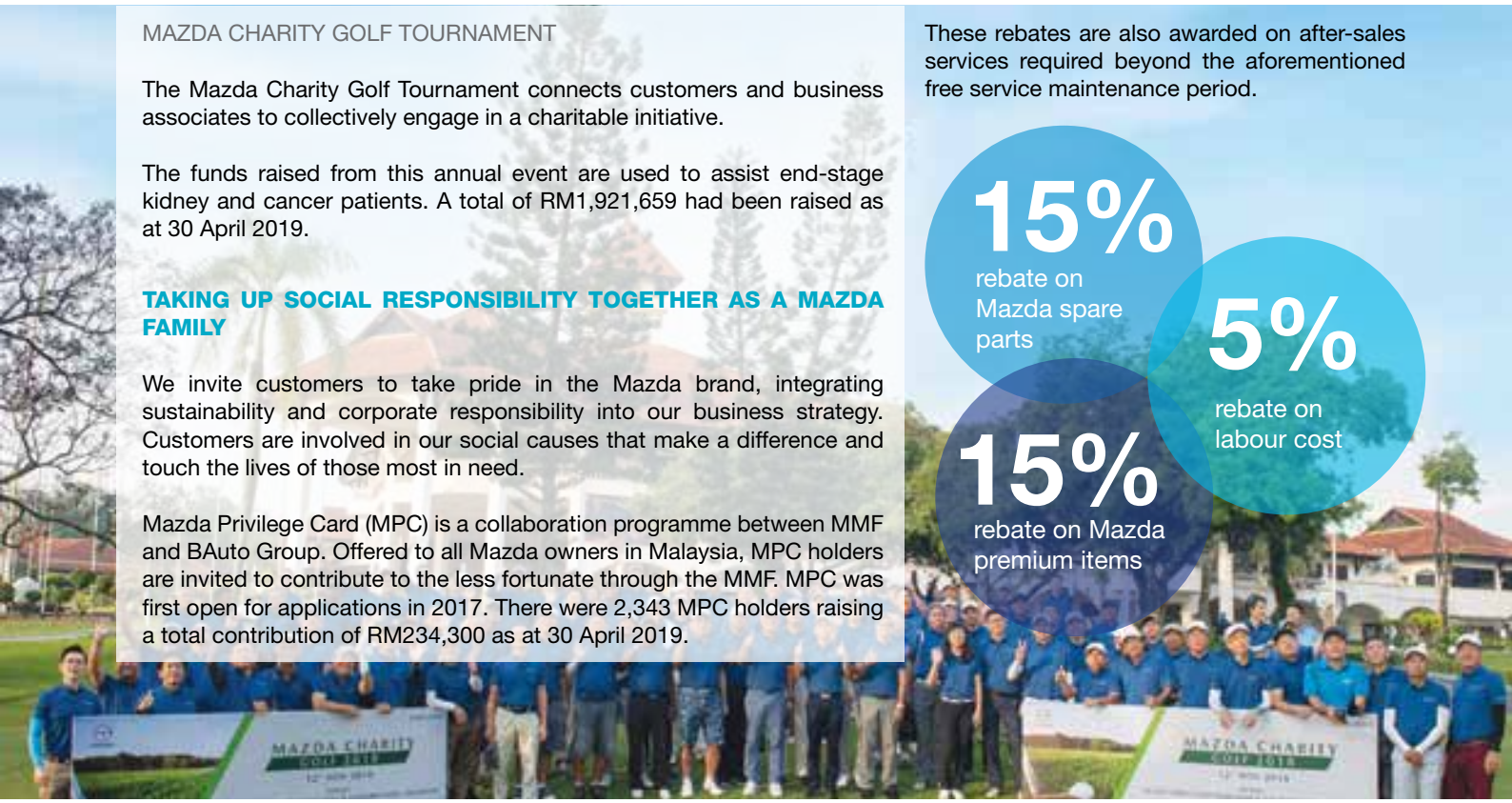
- Impact as at 30 April 2019: MMF has contributed a total of RM2.1 million to date which benefited 152 needy patients

MMF's community care for vulnerable groups

- Impact as at 30 April 2019: MMF together with the Group have to date contributed RM269,000 which benefited many orphans, old folks, disabled people, children with down syndrome and the seriously ill

Mazda CX-5

SUSTAINABILITY STATEMENT



MAZDA CHARITY GOLF TOURNAMENT

The Mazda Charity Golf Tournament connects customers and business associates to collectively engage in a charitable initiative.

The funds raised from this annual event are used to assist end-stage kidney and cancer patients. A total of RM1,921,659 had been raised as at 30 April 2019.

TAKING UP SOCIAL RESPONSIBILITY TOGETHER AS A MAZDA FAMILY

We invite customers to take pride in the Mazda brand, integrating sustainability and corporate responsibility into our business strategy. Customers are involved in our social causes that make a difference and touch the lives of those most in need.

Mazda Privilege Card (MPC) is a collaboration programme between MMF and BAuto Group. Offered to all Mazda owners in Malaysia, MPC holders are invited to contribute to the less fortunate through the MMF. MPC was first open for applications in 2017. There were 2,343 MPC holders raising a total contribution of RM234,300 as at 30 April 2019.

These rebates are also awarded on after-sales services required beyond the aforementioned free service maintenance period.

SPORTS SPONSORSHIP

Since financial year 2015, the Group has supported Malaysian golfing talents through its Nurturing Golf Talents programme. Local golfers benefiting from this sponsorship include:

- Kelly Tan Guat Chen, who previously played in the Ladies Professional Golf Association (“LPGA”) tour circuit and
- Ainil Binti Abu Bakar, who competed in the Ladies European Tour in 2016 and 2017.

The sponsorship helps cover the golfers’ tournament fees and travelling expenses.

COMPUTER DONATIONS

Old fully-functional personal computers (PCs) are donated to those in need as part of the Group’s CSR programme. Twenty-five PCs were donated during the financial year:

- 10 to Persatuan Ibu Tunggal Seri Mastana in Melaka where we also built Information and Communications Technology (ICT) facilities for the villagers, and
- 15 to other government agencies.

DEALERS’ CORPORATE SOCIAL RESPONSIBILITY

Dealers carrying the BAuto brand are guided by the same principles and business values. They are encouraged to engage with local communities and continue making investments for the betterment of society. Some of our dealers championed various CSR causes throughout the financial year.

For example, our dealer in Klang held a career talk for students of Sekolah Menengah Yoke Kuan (Sekinchan) on 21 September 2018. Students were prepared for entering the job market and learned of career opportunities in the automotive industry.

Our dealer in Kuantan also conducts an active CSR programme. A blood donation drive held in their showroom was amongst the CSR activities organised during the financial year.

SOCIAL: LABOUR PRACTICES AND DECENT WORK

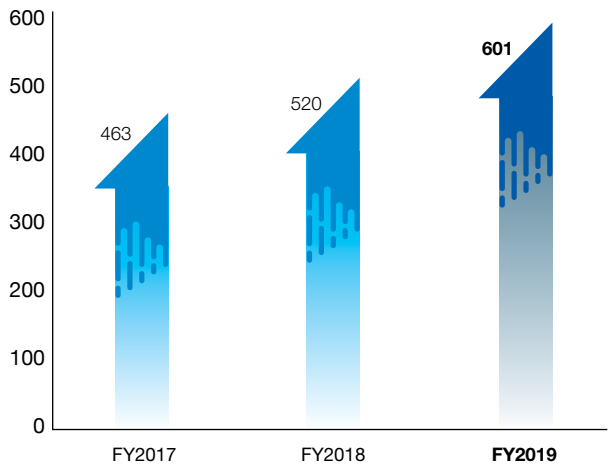
BAuto places great emphasis on ensuring a safe and harmonious workplace. Employees are offered competitive pay packages and opportunities for personal growth. Fair employment standards and practices are embraced and our stringent labour standards are stipulated in our Code of Conduct. Our stance is communicated to all employees in English as it is the language most commonly used for business.

Equal employment opportunities are promoted throughout business operations. We address the community employment crisis through our hiring policy that does not discriminate against underprivileged groups including those from deprived backgrounds or with a poor social status.

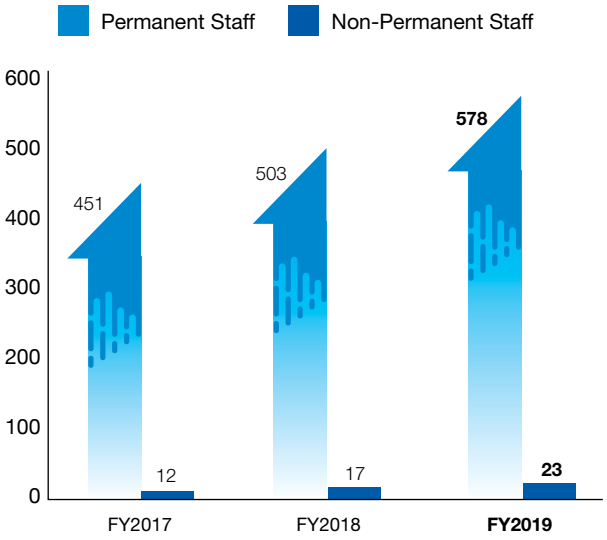
We are pleased to report that there has been no incidence of noncompliance or violations of our labour standards during this financial year.

OUR DIVERSE WORKFORCE

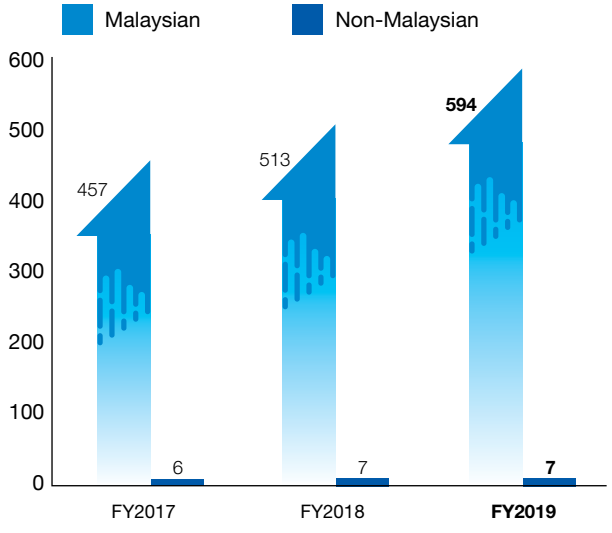
Workforce Strength



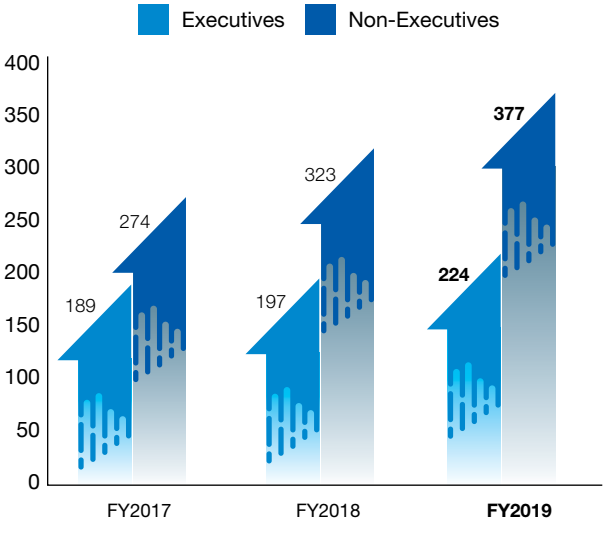
Workforce Breakdown by Contract



Workforce Breakdown by Nationality

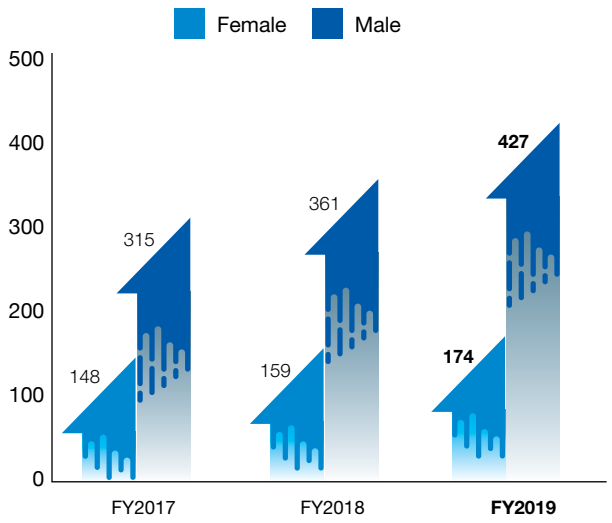


Workforce Breakdown by Type

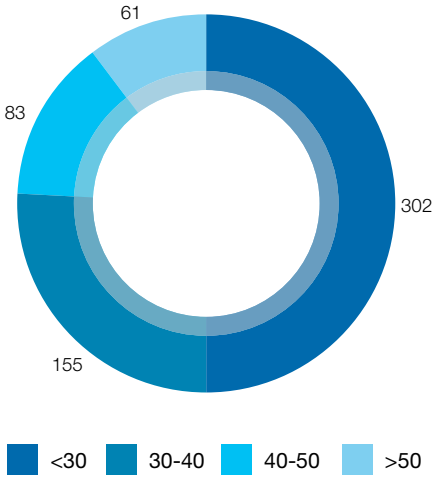


SUSTAINABILITY STATEMENT

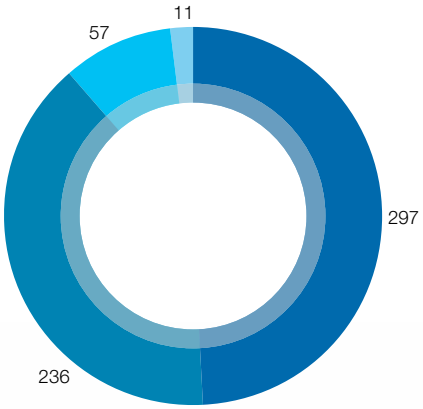
Workforce Breakdown by Gender



Workforce Breakdown by Age Group



Workforce Breakdown by Ethnicity



Mazda Vision Coupe (concept car)

TURNOVER DATA

	FY2017	FY2018	FY2019
Employee turnover rate (%)	11.23%	11.35%	10.32%
Employee turnover (number of people)	52	59	62

COMPETITIVE BENEFITS

Our overall working environment and company performance are attributed to happy, healthy and engaged employees. We invest in our employees' health by providing top-tier benefits that are competitive within our industry and support the total wellness of employees.

Examples of Benefits	
Allowances and Other Benefits	• Cost of Living Allowance (COLA) • SST COLA • Lunch provided/meal allowance (for branches without cafeteria facilities) • Company car for managerial grades and above • Employer's EPF of 19% for heads of department
Medical and Health	• Outpatient medical coverage including immediate family members • Group hospitalisation and surgical insurance coverage including immediate family members • Group personal accident insurance coverage • Group term life insurance coverage • Free medical consultation for employees and their immediate family members
Leave	• Annual leave • Sick leave/hospitalization leave • Compassionate leave • Maternity and paternity leave • Marriage leave • Examination leave • Prolonged illness leave

AN ENGAGED WORKFORCE

BAuto Group has created a workplace where employees feel engaged and excited in their work. Employees are confident and apply our values in serving customers more effectively. All members of staff are empowered to speak up and have an opportunity to develop their careers.

Various engagement activities were held during the financial year including a company trip to Phuket. Three hundred and seventy-three employees took part in the trip which was divided into 12 sessions from 6 October to 5 November 2018.

An *Iftar* was also held with employees of the Northern Region on 1 June 2018 and Southern Region on 8 June 2018. A fishing competition was held on 5 August 2018 for 120 employees and apprentices.

With 13 branches and 71 dealers, a bulletproof employee engagement plan is imperative. Employee engagement activities are held throughout the Group at every level.

NOTICE PERIOD

Any operational change is communicated to the relevant personnel for action. The Group's policy is to provide at least a one-month notice period for any operational changes that potentially affect employees.

WHISTLEBLOWING

BAuto Group is committed to the highest standards of honesty, openness and accountability. Employees and other parties are free to voice their genuine concerns about any aspect of business operations.

BAuto has introduced a whistleblowing policy that applies to all employees and external parties who have business relationships with the Group. A formal channel that deals with the disclosure of improprieties supports the policy.

Those raising concerns or reporting possible violations of the Code of Conduct in good faith will not be subjected to any forms of retaliation. Employees are protected from being discharged, suspended or discriminated against, for providing information on possible violations or other questionable business, accounting or auditing matters.

The Whistleblowing Committee is administered by the Group Human Resource Department and assisted by the Corporate Planning & Controls Department. The committee directly reports to the Executive Chairman/CEO/Group's Audit Committee. These parties are knowledgeable in handling criminal offences, financial irregularity, bribery, harassment and bullying.

TRAINING AND DEVELOPMENT

We aspire to develop employees' careers by guiding them to realise their potential, develop themselves and drive the business forward. We aim to offer high-quality training opportunities for all members of staff.

A broad spectrum of training is delivered by the Mazda Training Centre. The centre focuses on strengthening our culture and developing the skills of our future talent. Currently, we have five training centres located at:

1. Lot 5, Jalan Pelukis U1/46, Shah Alam
2. Lot 14, Jalan Pelukis U1/46, Shah Alam
3. Lot 9, Jalan 219, Petaling Jaya
4. 52, Jalan Sg Tiram, Bayan Lepas, Penang
5. Lot 7331 & Lot 7333 Jalan Kg Gajah, Butterworth

There are also dedicated training programmes for fresh graduates so candidates have an opportunity to gain industry exposure and knowledge as well as improve their skills through hands-on learning.

Signatory training programmes for our sales and marketing personnel include the Jinba-Ittai, Brand Immersion and Sustainable Zoom-zoom. These programmes focus on Mazda brand heritage and understanding the overall concept of real-world driving experience.

Training Facts at a Glance				
Training Indicator	**Unit**	**FY2017**	**FY2018**	**FY2019**
Total time as a Group	Hours	6,963	3,281	4,026
Average hours per employee	Hours	15	6.3	6.7
Average days per employee	Days	2	1	1

HEALTH AND SAFETY

BAuto Group is committed to maintaining a safe and healthy workplace for all employees while protecting the environment in which we operate.

BAuto Group Health and Safety Goals

- To meet all requirements of applicable environmental, health and safety laws and regulations
- To promote employee safety and minimise the environmental impact of the production and distribution of our products
- To encourage and apply pollution prevention, resource conservation, waste minimisation, reuse and recycling practices
- To promote responsible environmental and safety practices, enhancing awareness among our employees
- To implement and update prevention and training programmes and any other measures needed to reduce the risks of illness and accidents

All employees are required to comply with the safety and health regulations, fire prevention instructions and firefighting regulations issued by the Group from time to time.

Number of Safety Initiatives Held in FY2019

- 8 Evacuation drills
- 11 Safety toolbox briefing
- 11 Emergency Response Team (ERT) briefings
- 19 Safety inspections
- 9 Office safety training programmes
- 1 First aid training programme
- 3 Environmental, Safety and Health (ESH) training programmes

SOCIAL: HUMAN RIGHTS

BAuto Group adheres to the Employment Act 1955 which is the main legislation on labour matters in Malaysia. The Employment Act provides minimum terms and conditions for paid leave and holidays, the minimum wage, sick leave, overtime pay and working hours.

The Group also adheres to all relevant laws and regulations pertaining to the hiring and treatment of workers.

- Children and Young Persons (Employment) Act 1966
- Employment (Restriction) Act 1968
- Occupational Safety and Health Act 1994
- Factories and Machinery Act 1967
- Minimum Wages Order 2018
- Minimum Retirement Age Act 2012
- Workman's Compensation Act 1952
- Elimination of excessive working hours

Periodically, BAuto Group participates in workshops or industry/topic-specific collaboration projects that improve industry solutions for employment rights in Malaysia. BAuto Group's human rights practices also:

- Recognise human rights as a key management issue when conducting business
- Respect the human rights of all stakeholders including our own employees and supply chain partners
- Raise awareness of human rights
- Promote the use of a grievance mechanism including the formal whistleblowing channel to address employee concerns throughout the Group

BAuto's Commitment to Human Rights	
• Provides a safe and healthy workplace for associates	• Does not use child labour
• Does not use forced, prison, indentured, bonded or involuntary labour	• Prohibits discrimination in hiring and employment practices including gender, race, religion, age, disability and nationality
• Prohibits physical abuse and the harassment of associates as well as threats of either	• Provides mechanisms that allow employee representatives to engage with company management
• Ensures work-life balance by prohibiting excessive working hours and exceeding the local minimum wage	

We adhere to all applicable employment and human rights regulations where operations are based. Our human rights policy is summarised in the Company's Code of Conduct and suppliers are expected to adhere to our high standards. As part of our risk assessment procedure, we are expected to review the labour standards of existing and potential business and supply chain partners. All parties are expected to be familiarised with our Code of Conduct from time to time.

We are pleased to report that there have been no reported incidents or risks of child, forced or compulsory labour. There were no violations of human rights involving the rights of indigenous people at any time in the Group's history.

NO DISCRIMINATION OR HARASSMENT

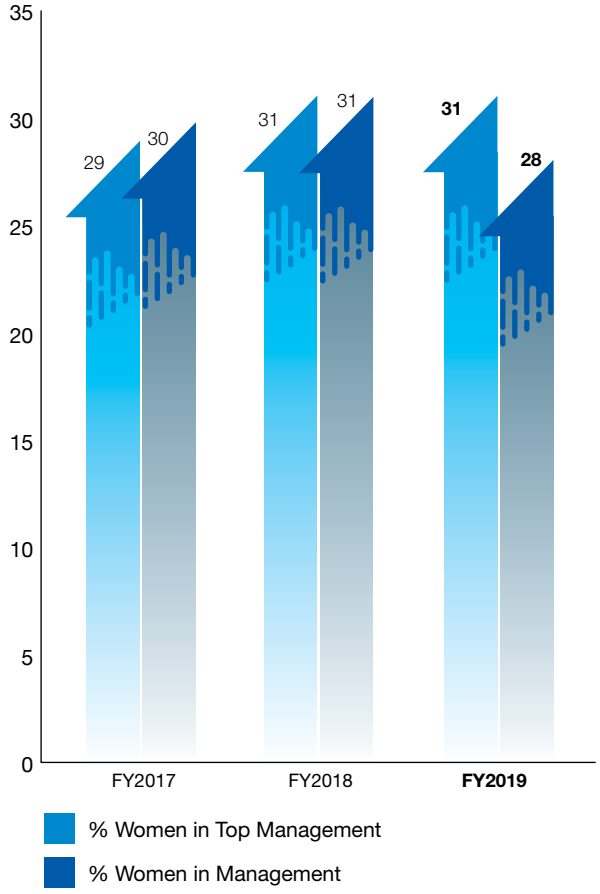
BAuto Group's approach to equal treatment and non-discrimination emphasises that equal opportunities must be provided to all employees with regards to hiring, pay rates, training and development, promotions and other terms of employment.

We maintain a working environment in which all employees treat each other with respect. Accordingly, the Group strictly prohibits conduct that constitutes or that could lead to or contribute to harassment based on gender (whether or not of a sexual nature), race, colour, national origin, religion, age, disability and sexual orientation. We have not had any disabled employees (0%) for the past three years.

Any acts of discrimination or harassment when dealing with employees, customers or suppliers is not tolerated. Offenders are subject to severe disciplinary action including the possible termination of employment.

Various initiatives have been introduced throughout the Group's history to improve workforce diversity, equal opportunities and reduce discrimination.

Female Representation in the Management and Top Management



COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

BAuto Group respects the Industrial Relations Act 1967 and relevant local laws that protect the rights of workers to bargain collectively in the context of the International Labour Organisation (ILO) standards. Although we do not have a formal union in place, our employees and workers are free to join any of their choice. We will support them in addressing any raised issues.

Our whistleblowing channel also serves as a mechanism to allow employee representatives to engage with our management.

SOCIAL: PRODUCT RESPONSIBILITY

BAuto Group considers safety as the cornerstone of product responsibility. Mazda vehicles are equipped with advanced safety systems and we educate our customers on safe driving. The Group will continue to introduce new safety systems for the benefit of our users.

PEACEFUL OWNERSHIP PROMISE

EXTENDED FREE SCHEDULED MAINTENANCE

BAuto Group continues to deliver outstanding value-added services to its customers with the extension of its free scheduled maintenance for new vehicles. The term has increased from three years to five years or a maximum of 100,000 km.

The free scheduled maintenance is applicable to all models except the BT-50 pick-up and covers vehicles purchased from our branches or authorised Mazda dealers in Malaysia. The free scheduled maintenance complements the five-year (limited to 100,000 km) warranty.

The maintenance package provides owners with free scheduled maintenance according to Mazda's standards and is inclusive of the cost of labour, parts and lubricants.

24-HOUR MAZDA ROADSIDE ASSISTANCE

The Mazda Roadside Assistance Programme ensures the safety, convenience and complete satisfaction of Mazda owners. Services offered include mechanical breakdown towing, accident towing, emergency roadside assistance, travel planning and trip interruption.

MAZDA MOBILE SERVICE UNIT

The Group's goal has always been to deliver an exceptional customer ownership experience. The Mazda Mobile Service Unit has elevated our vehicle maintenance service level by bringing the service centre to Mazda customers. Mazda is the first automotive brand in Malaysia to provide home maintenance service for the owners' convenience.

The Mazda Mobile Service Unit is operated by well-trained mechanics and technicians that follow Mazda's standard operating procedures.

Mazda Mobile Service Unit Services and Equipment	
Services	• Scheduled maintenance • Battery inspection and replacement • Wiper blades • Brake pads • Brake fluid • Auto-transmission fluid
Equipment	• A fully equipped tool set • 2.5-tonne aluminium quick-jack capable of lifting a CX-5 or BT-50 • Mazda Mobile Diagnostic System to assess various electronic circuits • An electric generator

BAuto Group invested more than RM500,000 on this initiative. Currently, the service unit is available in the Klang Valley and Penang but will be introduced to other areas in the near future.

MAZDA PRIVILEGE CARD

The Mazda Privilege Card offers a 15% rebate on both Mazda genuine spare parts and official Mazda merchandise. Customers also receive 5% off all labour costs during servicing.

Cardholders can also enjoy rebates on after-sales services required beyond the five-year warranty and free scheduled maintenance period. The card is the first of its kind in the industry and can be used at all showrooms and after-sales service centres operated by the Group and Prima Merdu Sdn Bhd.

EXPECTATIONS AND SATISFACTION

Satisfied customers are essential to the long-term success of the Group. We conduct surveys at various stages once a sale is closed. The Customer Relationship Management (CRM) Department conducts an outbound satisfaction survey call once a car has been delivered.

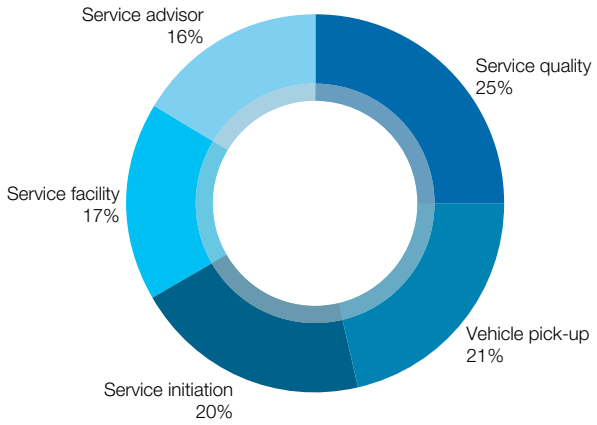
Financial year	Total surveyed	Positive feedback
2017	7,177	56.6%
2018	7,082	63.3%
2019	7,407	60.4%

DRIVING DIGITALLY-ENABLED AUTO SERVICE INTERACTIONS

Customer satisfaction is influenced by a balance of digital technology and personal interaction with service advisors.

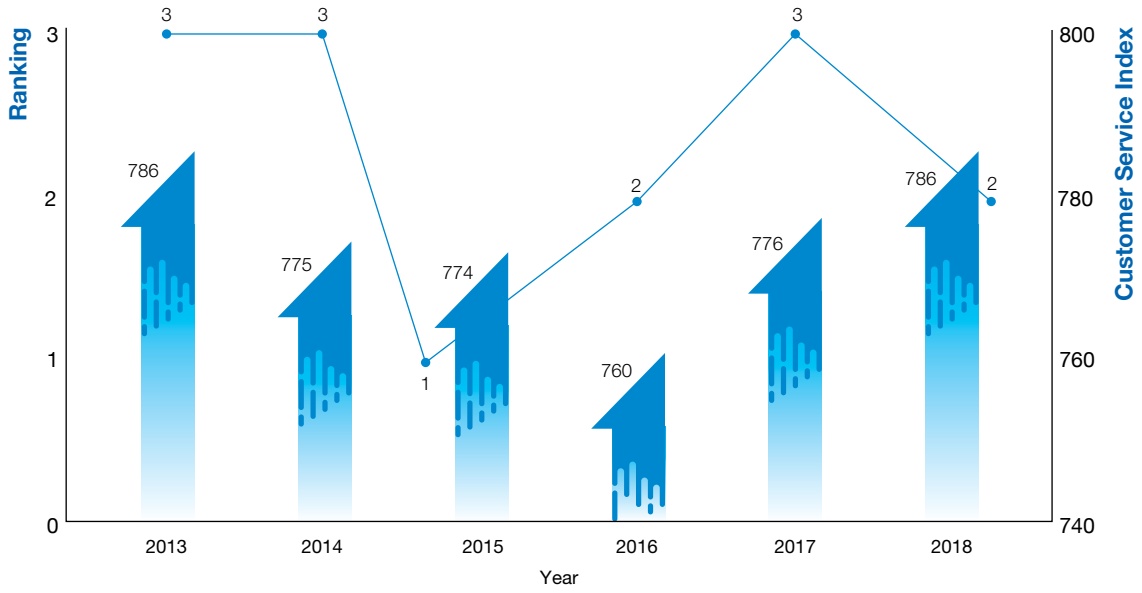
Mazda was rated by J.D. Power's 2018 Malaysia Customer Service Index (Mass Market) Study. The study measured overall satisfaction among vehicle owners who visited an authorized service centre for maintenance or repair work during the first 12 to 36 months of ownership.

Factors Measured During the Survey and Their Importance



Mazda ranked second highest of the eight brands that were assessed. The findings were useful as they help Mazda improve the service it provides customers.

JD Power Asia Pacific Malaysia Customer Service Index



INSPECTION AND QUALITY

Quality is key to all aspects of business operations and Bermaz Motor Sdn Bhd is certified with ISO 9001:2015. There are various stages of inspection that we need to pass before delivering a vehicle to the end consumer. Inspections are performed from when the vehicle arrives at the Pre-delivery Centre until just prior to delivery to the customer.

Examples of Inspection Criteria	
Receiving Inspection Checklist	• Battery terminal connections • Tyre condition • Body surface appearance • Panel alignment • Wiper • Tool set • Spare tyre • Condition of interior
Pre-delivery Checklist	• Under bonnet, interior, under carriage and exterior for dents, scratches, gapping, bubbles, blisters, off colours, paint chips, improper sealant, dirt as well as paint drop, peel-off and rust

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SUSTAINABILITY STATEMENT

ENSURING COMPLIANCE AT EVERY STAGE OF OUR OPERATIONS

Compliance activities are critically important to achieving the quality we promise to our customers. Regular engagement with relevant government agencies, conducted with Prima Merdu Sdn Bhd or Mazda Malaysia Sdn Bhd (MMSB), ensure compliance throughout each stage of our operations.

Dealings with Government Agencies to Ensure Compliance at Each Stage of Operations	
Government Agency	**Engagement**
Jabatan Pengangkutan Jalan ("JPJ")	BAuto Group works closely with JPJ for Vehicle Type Approval (VTA), Weight Certificate and Energy Efficient Vehicle ("EEV") inspections.
Ministry of International Trade and Industry ("MITI")	A yearly Approved Permit (AP) application is submitted by our AP holder, Prima Merdu Sdn Bhd, to MITI during the last quarter of each year. MMSB applies for a Research & Development ("R&D") AP for its locally assembled models and MITI approval when applying for permission to assemble new CKD models in Malaysia.
Malaysian Investment Development Authority ("MIDA")	BAuto Group deals with MIDA when applying for excise duty exemption for R&D vehicles.
Customs	Each CBU model and variant requires a docket value to calculate excise duty and sales tax. BAuto Group also applies for a classification of each new model and verifies the tariff code.
SIRIM	BAuto Group applies for Green Engine Certification for all commercial vehicles.
Department of Environment ("DOE")	BAuto Group applies for an Emission VTA Certificate for new models introduced in Malaysia. Upon obtaining a DOE VTA Certificate, a full VTA is issued by JPJ.
Ministry of Human Resources ("MOHR")	Department of Skills Development ("JPK") under the MOHR has accredited us as an approved centre to conduct the Malaysia Skills Certificate in Automobile Technology for Levels 1, 2 and 3. In return, we have contributed to JPK as a panel member by revising the National Occupational Skills Standard (NOSS) regularly and through the annual National Skills Competition.

ENSURING CHILD SAFETY THROUGH PASSIVE SAFETY TECHNOLOGY

Mazda promises an enjoyable ownership experience for drivers and all passengers. Using a child safety seat is the best protection you can give your child when traveling by car. The Group's most fundamental business principle is protecting children's safety throughout their journey.

Mazda's ISOFIX compliant child seat attachment point makes it easier to securely install a child seat by pushing the connector mounted underneath the child seat into the attachment point on the vehicle side.

A top tether anchorage and a pivot link structure, which mitigate impact, are incorporated to minimize the amount the child is thrown forward, offering a higher level of safety performance.

How ISOFIX Child Seat Anchor Works

With Top Tethering Anchor

Without Top Tethering Anchor

PREMIUM CUSTOMER SERVICE

EVENTS AND CELEBRATIONS

We aim to optimise our customer interaction and support by empowering dealers to personalise their customer experience through regular engagement. Our dealers conduct events and activities at their respective showrooms during National Day events and festive celebration such as *Hari Raya*, Chinese New Year and Deepavali.

SAFE DRIVING

BAuto Group considers road safety as the cornerstone for preventing accidents. Through the Group's established MAZDASPORTS Academy, customers can enrol in an advance driving programme where they are educated on safe driving, understanding on the driving dynamics of their vehicles to improve their driving skills, driving enjoyment and being better drivers.

BRINGING BRAND IDENTITY TO OUR SHOWROOM

Invigorating our showroom brand identity begins with setting the desired feeling for customers and ways their visit can foster that. BAuto Group ensures that each time a customer interacts with our brand – in the showroom, email, social media or website – the experience has to evoke the same emotion. Our strong Mazda brand must not become weakened in the myriad of communication touch points. Our dealership operations managers conduct a daily inspection checklist each morning.

FAIR COMPETITION

The Group promotes fair competition through fair, free and open markets. Regulatory requirements are closely observed and we compete on the merits of our products and services without attempting to limit trade.

CUSTOMER PRIVACY

BAuto Group believes in protecting the privacy of personal information. The Group respects customer confidentiality and endeavours to comply with the Personal Data Protection Act 2010 (PDPA).

COMPLIANCE

We are pleased to report that there were no major cases of noncompliance reported during the financial year.

The logic behind Mazda's quality promise is 100-1=0. Even if 1 out of 100 vehicles is defective, it is still too many as it is one whole vehicle. This expression highlights Mazda's strong desire to provide 100% quality and this is something that is definitely strengthening the brand image.

Mazda has dedicated major resources to a fundamental overhaul of the business through its MONOTSUKURI INNOVATION programme. MONOTSUKURI is Japanese for "the art of making things". It covers product planning, design, development and production. The goal is to prosper sustainably without compromising quality by:

- Consistently devising new and desirable products
- Flexibly adjusting output to market demand
- Improving cost efficiency in every area

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Bermaz Auto Berhad ("the Company") recognises the importance of corporate governance towards promoting business growth, increasing financial strength and well-being and corporate accountability to protect and enhance shareholders' value as well as the interest of the Company.

The Board is committed in ensuring that the Company and its subsidiaries (collectively "the Group") carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance ("MCCG").

This Corporate Governance Overview Statement ("CG Statement") provides a summary of the corporate governance practices of the Company during the financial year ended 30 April 2019 ("FYE 2019") with reference to the three key Principles of good corporate practices as set out in the MCCG. This CG Statement is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and it is to be read together with the Company's Corporate Governance Report ("CG Report") for FYE 2019 which is available on Bursa Securities website at www.bursamalaysia.com.

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year ended 30 April 2019. The Board considers the Company to have substantially complied with the MCCG throughout FYE 2019 save for the exceptions which are fully described in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is responsible for the performance and affairs of the Group and to provide leadership and guidance for setting strategic direction for the Group.

The Board is led by the Executive Chairman and is supported by the Chief Executive Officer ("CEO") and other Board members with experience in wide range of expertise and they collectively play an important role in the stewardship of the direction and operations of the Group.

The Board has delegated to the Chief Executive Officer ("CEO") the day-to-day Management of the Group. The CEO manages the Group in accordance with the strategies and policies approved by the Board. He also leads the senior management of the subsidiary companies in making, implementing and managing the day-to-day decisions on the business operations, the Group's resources and the associated risks involved while pursuing the corporate objectives of the Group.

The CEO and Management meet regularly to review and monitor the performance of the Group's operations. The CEO briefs the Board on the Group's business operations and management's initiatives during board meetings.

Non-Executive Directors are not involved in the day-to-day Management of the Group but contribute their own particular expertise and experience in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

SEPARATION OF POSITIONS OF THE EXECUTIVE CHAIRMAN AND CEO

The positions of the Executive Chairman and CEO are held by different individuals. The roles and responsibilities of the Executive Chairman and CEO are distinct and separated to ensure that there is a balance of power and authority. The Executive Chairman is responsible for providing leadership to the Board and ensuring the smooth and effective functioning of the Board. The CEO is responsible for overseeing the day-to-day management of the Group's businesses and implementing Board's policies and decisions. The CEO in association with the Chairman jointly oversees some of the divisional function of the Group.

BOARD COMMITTEES

The Board has established the following Board Committees which consist of a majority of Independent Non-Executive Directors to support the Board in discharging its oversight function and to ensure that there are appropriate checks and balances in place:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee ("RMC")
- Sustainability Working Committee (sub-committee of RMC)
- Employees' Share Scheme Committee

These Committees play a significant part in reviewing matters within each Committee's terms of reference and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees has specific terms of reference, scope and specific authorities to review matters and report to the Board with their recommendations. The Board may also form such other committees from time to time as dictated by business imperatives and/or to

promote operational efficiency. Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

COMPANY SECRETARY

The Board is supported by suitably qualified, experienced and competent Company Secretaries who are members of the professional body namely, Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified under the Companies Act 2016. The Company Secretaries play an advisory role to the Board in relation to the Company's Articles of Association and advises the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary. The Company Secretaries are also responsible in ensuring that Board meeting procedures are followed and all the statutory records of the Company are properly maintained at the Registered Office of the Company.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

BOARD MEETING AND MEETING MATERIALS

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Other than quarterly Board meetings, additional Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration. The Board members will deliberate and in the process, assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

In the intervals between Board meetings, any matters requiring urgent Board decisions or approvals will be sought via circular resolutions of the Directors and these are supported with all the relevant information and explanations required for an informed decision to be made.

Prior to the Board and Committee Meetings, the Directors will be provided with the relevant agenda and Board papers five (5) business days' notice to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others the minutes of preceding meetings of the Board and Committees, summary of dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

Further, there is also a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. This is to ensure that the strategic plan of the Company and the Group supports long term value creation including strategies on economic, environmental and social considerations underpinning sustainability, as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and approval of any new major ventures.

ACCESS TO INFORMATION AND ADVICE

The Directors shall have unrestricted access to the advice and services of the Company Secretaries and Senior Management staff in the Group to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

BOARD CHARTER, ETHICAL STANDARDS THROUGH CODE OF ETHICS, CODE OF CONDUCT AND WHISTLEBLOWING POLICY AND PROCEDURES

The Board has the following in place:-

(a) Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board, Board Committees and individual Directors.

The Board Charter is subject to review by the Board annually to ensure that it remains consistent with the Board's roles and responsibilities as well as the prevailing legislation and practices. The Board Charter is also available on the Company's website at www.bauto.com.my.

(b) Code of Ethics for Director

The Board has also adopted a Code of Ethics for Directors ("Code") which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and to promote ethical conduct of the Directors.

(c) Code of Conduct and Business Ethics

The Group has established and adopted a Code of Conduct covering Business Ethics, workplace safety and employees' personal conduct for all employees of the Company and all of its subsidiaries. This is to ensure

that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation. All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Company.

The Board will periodically review the Code of Conduct and the Code of Conduct is available on the Company's website at www.bauto.com.my.

(d) Whistleblowing Policy and Procedures

The Company acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Group has in place a Whistleblowing Policy which serves as an internal disclosing channel in relation to whistleblowing at work place to enable employees to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct at the workplace on a confidential basis and pursuant to the Malaysian Whistleblower Protection Act 2010 or other similar law prevailing in other countries where the subsidiary companies are located, without fear of any form of victimization, harassment, retribution or retaliation.

Employees also have free access to the Executive Chairman and the Chief Executive Officer of the Company and may raise concerns of non-compliance to them.

The Whistleblowing Policy can be accessed on the Company's website at www.bauto.com.my.

SUSTAINABILITY STRATEGIES

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a long term sustainability balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the communities in which it operates and its employees have been set out in the Sustainability Statement in this Annual Report.

BOARD COMPOSITION

The Board of the Company currently has eight (8) members. Six (6) of them are Independent Non-Executive Directors. The remaining are the Executive Chairman and the CEO. The profiles of the Directors are set out on pages 4 to 8 of this Annual Report.

The present composition of the Board is in compliance with Chapter 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one third (1/3) of the Board members of a listed issuer to be Independent Directors. In addition, the Company is categorized as a Large Company. Accordingly, the present Board composition of the Company is also in compliance with the requirements under Practice 4.1 of the MCCG which states that the Board members shall comprise a majority of Independent Directors.

The current Board composition provides an adequate mix of knowledge, skills and expertise which assist the Board in effectively discharging its stewardship and responsibilities.

The strong presence of a majority of Independent Non-Executive Directors provides effective checks and balances on the decision making process of the Board. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board. Hence, they are able to carry out their duties and provide an unfettered and unbiased independent judgement and to promote good corporate governance in their role as Independent Directors.

BOARDROOM DIVERSITY

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces gender diversity in the boardroom.

Currently, the Board has two (2) female members and they represent about 25% ratio of the full Board.

It is noted that the Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion or age. The same principle is applied to the selection of potential candidates for appointment to the Board.

The Board has in place its Diversity Policy for the Company and a copy of the Board Diversity Policy is available on the Company's website at www.bauto.com.my.

TIME COMMITMENT

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 30 April 2019, the Board met five (5) times and the attendances of the Directors at the Board meetings were as follows:-

Directors	Attendance
Dato' Sri Yeoh Choon San (Executive Chairman) ^	5/5
Dato' Lee Kok Chuan (CEO)	5/5
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin %#	5/5
Dato' Abdul Manap Bin Abd Wahab #	5/5
Loh Chen Peng #	5/5
Datuk Syed Hisham Bin Syed Wazir #	5/5
Dato' Kalsom Binti Abd. Rahman #	5/5
Adibah Khairiah Binti Ismail @ Daud #	**

Notes:

^ *Dato' Sri Yeoh Choon San was appointed as the Executive Chairman on 1 January 2019*

% *On 1 January 2019, Dato' Syed Ariff Fadzillah Bin Syed Awalluddin relinquished his position as the Chairman of the Company and continues to remain as an Independent Non-Executive Director of the Company*

\# *Independent Non-Executive Director*

** *Adibah Khairiah Binti Ismail @ Daud was appointed as an Independent Non-Executive Director of the Company on 8 April 2019. There was no Board Meeting held subsequent to the date of her appointment up to 30 April 2019.*

All the Directors have remained fully committed in carrying out their duties and responsibilities and are able to give sufficient time commitment to their duties and responsibilities as reflected in their full attendance at the Board meetings held during the financial year ended 30 April 2019.

All the Directors of the Company have confirmed that they do not hold more than five (5) directorships in listed issuers pursuant to paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. They are required to notify the Executive Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Executive Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

DIRECTORS' TRAINING

All the Directors had attended the Mandatory Accreditation Programme as prescribed by Bursa Securities. The Board and/or the Directors individually will, on a continuous basis, evaluate and determine their respective training needs to assist them in the discharge of their duties as Directors.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current developments in the automotive and related industries as well as the current changes in laws and regulatory requirements.

The Board is also updated by the Company Secretaries on the relevant training programmes relating to the regulatory, governance, industry related and current issues on an on-going basis.

During the financial year, the training programmes, seminars and conferences attended by the Directors were as follows:-

Directors	Training Programmes/Seminars/Conferences
Dato' Sri Yeoh Choon San	• Advocacy Programme on CG Assessment using the revised ASEAN CG Scorecard Methodology • Business Transformation – Going to the next performance level
Dato' Lee Kok Chuan	• "Lets Get Real" on Anti Bribery • CLSA Asean Forum 2019 • Invest Malaysia 2019
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	• Investment Laws & Overview of Real Estate Business in Vietnam – Understanding Vietnamese Tax Regime • Business Transformation – Going To The Next Performance Level
Dato' Abdul Manap Bin Abd Wahab	• He was a regular invited speaker on topics related to banking matters at various universities in Malaysia. He also keeps himself abreast and updated with issues relating to banking and finance industry by reading related materials and discussions with colleague in the banking industry
Loh Chen Peng	• Governance Symposium 2019 – Building Eco-system • Ring The Bell for Gender Equality 2019 • Audit Committee Roundtables • Audit Committee Conference 2019 – Meeting The New Expectations
Datuk Syed Hisham Bin Syed Wazir	• Business Transformation – Going To The Next Performance Level
Dato' Kalsom Binti Abd. Rahman	• PNB Memorial Lecture : Redefining Financial Integrity • PNB Leadership Forum : Organisation Excellence and Governance To Performance • Common Offences & Pitfalls to Avoid Under The Companies Act 2016
Adibah Khairiah Binti Ismail @ Daud (Appointed on 8 April 2019)	**

Note:
** *Subsequent to the financial year ended 30 April 2019, Adibah Khairiah Binti Ismail @ Daud had attended the Mandatory Accreditation Programme for Directors of Public Listed Companies on 26 and 27 June 2019.*

APPOINTMENT TO THE BOARD

The Company has a Nomination Committee, which comprises exclusively of Independent Non-Executive Directors. The members are as follows:-

Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	Chairman/Independent Non-Executive Director
Dato' Abdul Manap Bin Abd Wahab	Member/Independent Non-Executive Director
Loh Chen Peng	Member/Independent Non-Executive Director
Adibah Khairiah Binti Ismail @ Daud (Appointed on 8 April 2019)	Member/Independent Non-Executive Director

The Chairman of the Nomination Committee, Dato' Syed Ariff Fadzillah Bin Syed Awalluddin is an Independent Director and has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out under its Terms of Reference and is available on the Company's website at www.bauto.com.my.

The Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new director is summarised in the sequence as follows:-

1. The candidate is identified upon the recommendation by the existing Directors, Senior Management staff, shareholders and/or other independent source such as external consultants;

2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;

3. Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and

4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.

ANNUAL ASSESSMENT

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

During the financial year ended 30 April 2019, the Nomination Committee had carried out the following activities:

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- recommended to the Board, the Directors who are retiring and being eligible, for re-election;
- reviewed and assessed the performance of each individual Director, independence of the Independent Directors, effectiveness of Board and Board Committees;
- reviewed the performance of the Audit Committee and its members; and
- recommended to the Board, the appointment of Adibah Khairiah Binti Ismail @ Daud as an Independent Non-Executive Director of the Company.

RE-ELECTIONS OF DIRECTORS

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting ("AGM") in accordance with the provisions of the Articles of Association of the Company and the relevant provisions of the Companies Act 2016.

The Company's Articles of Association provides that a Director appointed during the year is required to retire and to seek approval for re-election by shareholders at the following AGM immediately after their appointment. The Articles also requires that one-third (1/3) of the Directors shall retire by rotation and they are eligible to seek re-election at each AGM and that each Director shall submit himself/herself for re-election once every three (3) years.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election.

At the forthcoming Ninth AGM, the following Directors who are due for retirement and are eligible for re-election pursuant to Article 94 and Article 100 of the Company's Articles of Association are as follow:-

Directors	Retiring pursuant to
Dato' Lee Kok Chuan	Article 94
Datuk Syed Hisham Bin Syed Wazir	Article 94
Adibah Khairiah Binti Ismail @ Daud (Appointed on 8 April 2019)	Article 100

TENURE OF INDEPENDENT DIRECTORS

The tenure of an Independent Director shall not exceed a cumulative term of twelve (12) years. However, the retention of Independent Directors after serving a cumulative term of nine (9) years shall be subject to annual shareholders' approval in line with the best practice of the MCCG.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement during Board deliberations and decision making.

As at the date of this statement, none of the tenure of Independent Directors has exceeded a cumulative term of nine (9) years. However, the tenure of the Independent Directors namely, Dato' Syed Ariff Fadzillah Bin Syed Awalluddin ("DSA"), Dato' Abdul Manap Bin Abd Wahab ("DAM") and Loh Chen Peng ("LCP") will reach a cumulative term of nine (9) years after 27 July 2020. The Nomination Committee and Board, save for DSA, DAM and LCP, have upon their annual assessments conducted for the year 2019, concluded that pursuant to Practice 4.2 of the MCCG, the Company will be seeking approval from the shareholders of the Company at the forthcoming Annual General Meeting to support the Board's decision to retain DSA, DAM and LCP as Independent Non-Executive Directors of the Company when their tenure exceeds a cumulative term of 9 years after 27 July 2020 based on the following justifications:-

Dato' Syed Ariff Fadzillah Bin Syed Awalluddin

i) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and being Independent, he will be able to function as a check and balance, provide a broader view and bring an element of objectivity to the Board;

ii) he has been with the Company for more than 8 years and is familiar with the Company's business operations which enable him to participate objectively in deliberations and decision making process of the Board and Board Committees;

iii) he remains objective and independent in expressing his view and participating in deliberations and decision making process of the Board and Board Committees. The length of his services on the Board do not in any way interfere with his exercise of independent judgements and abilities to act in the best interests of the Company; and

iv) he has exercised his due care during his tenure as an Independent Non-Executive Director as well as the Chairman of the Nomination Committee and Employees Share Scheme Committee of the Company and he has carried out his professional duties proficiently in the interests of the Company and the shareholders.

Dato' Abdul Manap Bin Abd Wahab

i) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and being Independent, he will be able to function as a check and balance, provide a broader view and brings an element of objectivity to the Board;

ii) he has been with the Company for more than 8 years and is familiar with the Company's business operations which enable him to participate objectively in deliberations and decision making process of the Board and Board Committees;

iii) he remains objective and independent in expressing his view and participating in deliberations and decision making process of the Board and Board Committees. The length of his services on the Board do not in any way interfere with his exercise of independent judgements and abilities to act in the best interests of the Company; and

iv) he has exercised his due care during his tenure as an Independent Non-Executive Director as well as the Chairman of the Remuneration Committee of the Company and he has carried out his professional duties proficiently in the interests of the Company and the shareholders.

Loh Chen Peng

i) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and being Independent, he will be able to function as a check and balance, provide a broader view and brings an element of objectivity to the Board;

ii) he has been with the Company for more than 8 years and is familiar with the Company's business operations which enable him to participate objectively in deliberations and decision making process of the Board and Board Committees;

iii) he remains objective and independent in expressing his view and participating in deliberations and decision making process of the Board and Board Committees. The length of his services on the Board do not in any way interfere with his exercise of independent judgements and abilities to act in the best interests of the Company; and

iv) he has exercised his due care during his tenure as an Independent Non-Executive Director as well as the Chairman of the Audit Committee of the Company and he has carried out his professional duties proficiently in the interests of the Company and the shareholders.

ANNUAL ASSESSMENT OF INDEPENDENCE

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, has assessed the Independence of its Independent Non-Executive Directors on an annual basis based on criteria set out in the Main Market Listing Requirements of Bursa Securities.

The current Independent Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities.

REMUNERATION POLICIES AND PROCEDURES

The Company has a Remuneration Committee, which comprises exclusively Non-Executive Directors, all of whom are Independent Directors. The members are as follows:-

Dato' Abdul Manap Bin Abd Wahab	Chairman/ Independent Non-Executive Director
Loh Chen Peng	Member/Independent Non-Executive Director
Datuk Syed Hisham Bin Syed Wazir	Member/Independent Non-Executive Director
Dato' Kalsom Binti Abd. Rahman (Appointed on 13 March 2019)	Member/Independent Non-Executive Director

The composition, authority as well as the duties and responsibilities of the Remuneration Committee are set out under its Terms of Reference and is available at the Company's website at www.bauto.com.my.

The Board has in place a Remuneration Policy that supports the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and key senior management who will manage and drive the Company's success.

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy. The Remuneration Policy is subject to regular review by the Remuneration Committee and will be amended as appropriate to align with the current market practices and requirement of the MCCG and any other new requirements. The Remuneration Policy is also available on the Company's website at www.bauto.com.my.

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The remuneration of key senior management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

Both the remuneration of Executive Directors and key senior management are structured so as to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The recommended level of remuneration shall reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the Annual General Meeting in accordance with Section 230(1) of the Companies Act 2016.

Details of the Directors' remuneration paid or payable to all Directors by the Company and the Group and categorized into appropriate components for the financial year ended 30 April 2019 were as follows:-

a. Individual Director on a named basis

Company	RM					
	Fees	Salaries and Other Emoluments	Incentive	Bonus	Benefits in-kind	Total
Executive Directors						
Dato' Sri Yeoh Choon San	-	-	-	-	-	-
Dato' Lee Kok Chuan	-	-	-	-	-	-
Non-Executive Directors						
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin*	60,069	12,600	-	-	-	72,669
Dato' Abdul Manap Bin Abd Wahab	50,000	11,400	-	-	-	61,400
Loh Chen Peng	50,000	12,300	-	-	-	62,300
Datuk Syed Hisham Bin Syed Wazir	50,000	9,000	-	-	-	59,000
Dato' Kalsom Binti Abd. Rahman	50,000	4,800	-	-	-	54,800
Adibah Khairiah Binti Ismail @ Daud**	3,151	-	-	-	-	3,151
	263,220	**50,100**	**-**	**-**	**-**	**313,320**

* *pro-rated from 1 May 2018 until 31 December 2018 as Dato' Syed Ariff Fadzillah Bin Syed Awalluddin has relinquished his position as a Chairman and continue to remain as Independent Non-Executive Director of the Company with effect from 1 January 2019*

** *pro-rated from appointment date on 8 April 2019*

Group	RM					
	Fees	Salaries and Other Emoluments	Incentive	Bonus	Benefits in-kind	Total
Executive Directors						
Dato' Sri Yeoh Choon San	-	2,351,391	2,000,000	-	24,600	4,375,991
Dato' Lee Kok Chuan	-	1,752,643	-	410,000	6,500	2,169,143
Non-Executive Directors						
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin*	60,069	12,600	-	-	-	72,669
Dato' Abdul Manap Bin Abd Wahab	50,000	11,400	-	-	-	61,400
Loh Chen Peng	50,000	12,300	-	-	-	62,300
Datuk Syed Hisham Bin Syed Wazir	50,000	9,000	-	-	-	59,000
Dato' Kalsom Binti Abd. Rahman	50,000	4,800	-	-	-	54,800
Adibah Khairiah Binti Ismail @ Daud**	3,151	-	-	-	-	3,151
	263,220	**4,154,134**	**2,000,000**	**410,000**	**31,100**	**6,858,454**

* *pro-rated from 1 May 2018 until 31 December 2018 as Dato' Syed Ariff Fadzillah Bin Syed Awalluddin has relinquished his position as a Chairman and continue to remain as Independent Non-Executive Director of the Company with effect from 1 January 2019*

** *pro-rated from appointment date on 8 April 2019*

b. the top five key executives in bands of RM50,000 on an aggregate basis

TOP 5 KEY EXECUTIVES IN BANDS OF RM50,000 ON AN AGGREGATE BASIS			NUMBER OF KEY EXECUTIVES
RM650,001	to	RM700,000	1
RM550,001	to	RM600,000	1
RM500,001	to	RM550,000	2
RM400,001	to	RM450,000	1
			5

Although the MCCG has recommended that the Company should disclose on a named basis, the detailed remuneration of the top five (5) Senior Management, the Board has opined that it is inappropriate to make such disclosure on the remuneration of Senior Management due to sensitivity of the remuneration package, privacy, security and issue of staff poaching.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Audit Committee is established by the Board and comprises five (5) members, all of whom are Independent Non-Executive Directors. The members are as follows:-

Loh Chen Peng	Chairman/Independent Non-Executive Director
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	Member/Independent Non-Executive Director
Datuk Abdul Manap Bin Abd Wahab	Member/Independent Non-Executive Director
Datuk Syed Hisham Bin Syed Wazir	Member/Independent Non-Executive Director
Adibah Khairiah Binti Ismail @ Daud (Appointed on 8 April 2019)	Member/Independent Non-Executive Director

The Chairman of the Audit Committee is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the Audit Committee are set out under its Terms of Reference approved by the Board and is available on the Company's website at www.bauto.com.my.

The members of the Audit Committee possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference of the Audit Committee. In addition, the Audit Committee members are financially literate and are able to understand, analyse and challenge matters under the purview of the Audit Committee including the financial reporting process.

The Board is assisted by the Audit Committee to oversee the Group's and Company's financial reporting process and the quality of financial reporting and ensuring that the financial statements comply with the provisions of the Companies Act 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia.

In presenting the annual audited financial statements to the shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's and Company's financial performance and prospects and ensure that the financial statements reviewed and recommended by the Audit Committee for Board's approval are prepared in accordance with the provisions of the Companies Act 2016, the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to present a true and fair view of the financial position, financial performance and cash flows of the Group and Company.

A statement by the Directors of their responsibilities in the preparation of financial statements is set out in this Annual Report.

In addition, the Audit Committee reviews the annual financial statements and quarterly financial results before they are submitted to the Board for approval.

Besides overseeing the Group's accounting and financial reporting process, Audit Committee is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, to oversee and monitor the Group internal audit functions, risk management activities and other activities such as governance matters. A full Audit Committee Report detailing its composition and a summary of activities during the financial year is set out in pages 67 to 69 of this Annual Report.

The performance of the Audit Committee is reviewed annually by the Nomination Committee. The evaluation covered aspects such as the members' financial literacy levels, its quality and composition, skills and competencies and the conduct and administration of the Audit Committee meetings.

Based on the evaluation, the Nomination Committee concluded that the Audit Committee has been effective in its performance and has carried out its duties in accordance with its TOR during the financial year ended 30 April 2019.

ASSESSMENT OF EXTERNAL AUDITORS

The Board maintains a transparent and professional relationship with the External Auditors through the Audit Committee. Under the existing practice, the Audit Committee invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the Audit Committee will also have private meetings with the External Auditors without the presence of the Executive Chairman, Chief Executive Officer, Chief Financial Officer and Senior Management to enable exchange of views on issues requiring attention.

The Board has delegated to the Audit Committee to perform an annual assessment of the quality of audit which encompassed the performance and caliber of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standards and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.

The Audit Committee has adopted an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the Audit Committee to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditor, assessment of External Auditor, independence of External Auditor, non-audit services including the need to obtain approvals from the Chief Financial Officer/ Executive Director/ Head of Group Accounts or the Audit Committee for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA policy also included a requirement for a former key audit partner to observe a cooling-off period for at least two (2) years before they can be considered for appointment as a member of the Audit Committee and/or the Board.

To support the Audit Committee's assessment of their independence, the External Auditors will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the Audit Committee as specified in the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement on Risk Management and Internal Control.

During the financial year, the amount of the statutory audit fees and non-audit fees paid/payable to the External Auditors and its affiliates by the Company and the Group respectively for the financial year ended 30 April 2019 were as follows:-

	Company		Group	
	FYE2019 RM	FYE2018 RM	FYE2019 RM	FYE2018 RM
Statutory audit fees paid/payable to:-				
- Ernst & Young ("EY") Malaysia	45,000	35,000	246,000	179,000
- Affiliates of EY Malaysia	-	-	-	19,972
Total (a)	**45,000**	**35,000**	**246,000**	**198,972**
Non-audit fees paid/payable to:-				
- EY Malaysia	7,000	22,000	7,000	22,000
- Affiliates of EY Malaysia	3,600	3,924	33,969	104,203
Total (b)	**10,600**	**25,924**	**40,969**	**126,203**
% of non-audit fees (b/a)	**24%**	**74%**	**17%**	**63%**

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the Audit Committee will make recommendation for re-appointment of the External Auditors to the Board. The Board will in turn recommend the proposed appointment to the shareholders for approval at the AGM.

The details on the activities and functions of the Audit Committee are set out in the Audit Committee Report on pages 67 to 69 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Company has a Risk Management Committee ("RMC") which comprises a majority of Independent Directors. The members are as follows:-

Loh Chen Peng	Chairman/Independent Non-Executive Director
Dato' Sri Yeoh Choon San	Member/Executive Chairman
Dato' Lee Kok Chuan	Member/Chief Executive Officer
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	Member/Independent Non-Executive Director
Dato' Abdul Manap Bin Abd Wahab	Member/Independent Non-Executive Director
Datuk Syed Hisham Bin Syed Wazir	Member/Independent Non-Executive Director

The Board regards risk management and internal controls as integral parts of the overall management process. The following represents the key elements of the risk management and internal control structure:-

a. An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;

b. Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;

c. Active participation and involvement by the Executive Chairman and CEO (cum RMC member) as well as the Chief Financial Officer ("CFO") in the daily running of the business and regular discussions with the respective Heads of Department on operational issues; and

d. Monthly financial reporting to the Executive Chairman and CEO.

The Board has tasked the RMC, the responsibility to oversee the risk management framework of the Group, reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval. This enables the Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an on-going basis, including remedial measures to be taken to address the risks. The Group continues to maintain and review its risk management and internal control procedures to ensure, as far as it is possible, the protection of its assets and its shareholders' investments.

The RMC has adopted an Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated approach entity-wide. It outlines the ERM methodology focussing on risk ownership and continuous monitoring of key risks identified.

INTERNAL AUDIT FUNCTION

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard the Group's assets and the shareholders' investments.

For the financial year ended 30 April 2019, the internal audit function was outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad based on the plan approved by the Audit Committee, to assist the Board in maintaining a sound system of internal control for the purposes of safeguarding the Group's assets and the shareholders' investment.

Subsequent to the financial year end 30 April 2019, Messrs PKF Advisory Sdn Bhd was appointed as an independent internal auditor to undertake the internal audit function of the Group.

Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control on pages 64 to 66 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Company maintains an effective channel of communication with its shareholders, institutional investors and the public at large with the objective of providing a clear and complete picture of the Group's performance and financial position. The provision of timely information is of paramount importance to assist the shareholders and investors to make an informed decision on their investments. However, whilst the Company endeavours to provide as much information as possible to its shareholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, meetings with analysts and fund managers, general meetings of shareholders and through the Company's website at www.bauto.com.my where shareholders can access corporate information, annual reports, press releases, financial information and Company's announcements.

CONDUCT AT GENERAL MEETINGS

The Company regards the AGM as the principal forum for dialogue and interactions with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders. The AGM will provide an opportunity for shareholders to seek clarifications from the Board and Senior Management on issues pertaining to the Annual Report, audited financial statements and the businesses of the Group. The Executive Chairman and the CEO will respond to shareholders' questions at the AGM.

The Company despatches its notice of meeting at least twenty-eight (28) days before the AGM together with a copy of the Annual Report and an Administrative Details to the shareholders of the Company. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. Each item of special business included in the Notice of AGM is accompanied by a brief explanatory statement on the proposed resolution to facilitate a better understanding and evaluation of issues involved.

The shareholders present at the general meetings are given sufficient time and opportunity to participate in the question and answer sessions with regard to the proposed resolutions, the Group's financial performance and operations.

All Board members (including all members of the Board Committees), the Chief Financial Officer, Senior Management and the external auditors of the Company attended the last AGM and provided meaningful response to shareholders' queries during the meeting.

POLL VOTING

At the Company's AGM held on 3 October 2018, all the resolutions passed by the shareholders at the AGM were voted by way of a poll. The shareholders were briefed on the voting procedures by the Share Registrar while the results of the poll were verified and announced by the independent scrutineer, Messrs Symphony Corporatehouse Sdn Bhd.

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that all resolutions set out in the notice of general meetings is voted by poll.

The Company Secretaries will announce the poll results of the AGM with details on the number of votes cast for and against for each resolution and the respective percentage on the same day to Bursa Securities. The minutes of the AGM will also be made available on the Company's website after it has been confirmed and signed by the Chairman of the AGM.

The Company has implemented electronic voting system to expedite verification and counting of votes in the previous AGM held on 3 October 2018. The Company will also explore the use of technology to facilitate the voting in absentia and/or remote shareholders' participation at general meetings, taking into consideration the number of shareholders, the accuracy and stability of such technologies, applicable laws and regulations and resources required vis-à-vis the benefits.

This CG Overview Statement was approved by the Board of Directors of the Company on 9 August 2019.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal controls whilst continuing to uphold and implementing a strong culture and environment for the proper conduct of the Group's business operations.

Set out below is the Board's Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 30 April 2019 which outlines the nature and scope of risk management and internal control of the Group.

RESPONSIBILITY

The Board recognises that it is responsible for the Group's risk management and system of internal control and for reviewing its respective adequacy and integrity. Notwithstanding that, in view of the limitations that are inherent in any system of internal control, the Group's system can only provide reasonable assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives. Responsibility for internal control systems covers not only financial controls but also operational, organisational and compliance controls, and reviewing the adequacy and integrity of these systems.

The implementation of these control systems were taken by the management who regularly report on risks identified and action steps taken to mitigate and/or minimise the risks. The oversight of this critical area is carried out by the Audit Committee ("AC") and the Risk Management Committee ("RMC"). The AC comprises solely of Independent Non-Executive Directors whilst the RMC comprises the majority of Board Members and the Head of Corporate Planning, in the capacity of Secretary.

The Board's primary objective and direction in managing the Group's principal business risks and sustainability issues are to enhance the Group's ability to achieve its business objectives. In order to achieve these objectives, the Board has identified, evaluated and managed the significant risks and sustainability issues being faced by the Group by monitoring the Group's performance and profitability at its Board meetings. The management of the Group as a whole is assigned to the Executive Chairman ('EC") and the Chief Executive Officer ("CEO").

RISK MANAGEMENT

The RMC has been established by the Company and it has adopted an Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks/sustainability issues. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated approach entity-wide. It outlines the ERM methodology, focussing on risk and sustainability ownership and continuous monitoring of key risks/sustainability issues identified.

The context within which the Group manages the risks/ sustainability issues and key focus of accountability are as follows:

Strategic risks are primarily caused by events that are external to the Group, but have significant impact on its strategic decisions or activities. Accountability for managing strategic risks thus rests with the Board, EC and CEO. The benefit of effectively managing strategic risks is that the Group is less likely to be affected by some external events that calls for significant changes.

Operational risks are inherent within the Group. Typically, some of the risks covers foreign exchange, credit, competency, technology and recruitment. Senior management needs on-going assurance that operational risks are identified and managed. Accountability for managing operational risks rests specifically with the Head of Departments and corresponding line managers.

In this context, ERM aligns BAuto's strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks that the Group faces as it creates value.

The RMC is supported by the Sustainability Working Committee ("SWC") which maintains the risk and sustainability oversight within the Group at the management level, as outlined in the ERM framework. At the Board level, the RMC assumes the oversight and strategic role of ERM. The Board assists these Committees in discharging its risk management responsibilities.

The SWC facilitates the risk and sustainability assessment process by providing independent enquiry on risk/sustainability identification and risk/sustainability ratings determination by the respective process owners (line managers) based on the risk/sustainability appetite set by the Board. Heads of Department are responsible for identifying, analysing and evaluating risks/sustainability issues, as well as developing, implementing and monitoring risk/sustainability action plans and reporting key risks/sustainable issues to the RMC.

The Board has received assurance from its EC, CEO and Chief Financial Officer that the Group's risk/sustainability management and internal control systems are operating adequately and effectively, in all material aspects.

During the financial year under review, two (2) RMC meetings were held to review the principal business risks faced by the Group and remedial measures to address the risks within the risk appetite of the Group.

ASSURANCE MECHANISM

The Board has assigned the AC with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The AC receives assurance reports from the internal auditors on findings from their visits to the operating units, as well as from the external auditors on areas for improvement identified during the course of their statutory audit. The Board reviews the minutes of the AC's meetings. The Report of the AC is set out on pages 67 to 69 of the Annual Report.

MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The EC, CEO and management practised "close to operations" policy within the ERM framework, which encompasses various scheduled management meetings as well as conducting regular reviews of financial and operations reports. These provide the platform for timely identification of the Group's risks and systems to manage risks. The EC and CEO updates the Board on any significant matters which require the latter's attention.

At Bermaz Motor Sdn Bhd ("Bermaz") and Bermaz Motor Trading Sdn Bhd ("BMT"), the Group's principal subsidiary companies, operations are centrally managed from its Glenmarie Head Office. In Malaysia, BMT has a Northern Regional office in Penang island and this office is staffed by experienced personnel to ensure that the operations in Penang and its surrounding states are well controlled and in line with the operating procedures. Monthly visits by the Head of National Sales and periodic visits by BAuto's EC and CEO are made to ensure that the business plans and targets for the Northern Regional office are met.

Similarly, the overseas operations of its subsidiary in the Philippines, Bermaz Auto Philippines Inc. is being managed by its Chief Executive Officer ("Philippine CEO") and ably assisted by a core team of experienced personnel. Regular reporting on performance of the Philippine business is provided by the Philippine CEO to BAuto's EC and CEO, who also make regular field visits to the Philippines subsidiary for the purpose of conducting performance review meetings, thus ensuring the business plans and targets for the Philippines operations are achieved.

The Group's system of risk management and internal control does not apply to associate companies which it does not have any direct control over their operations.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the internal auditors provide the AC with independent and objective reports on the state of internal controls of the operating units within the Group to assist the AC in monitoring and assessing the effectiveness of the internal control system. Observations from internal audits are presented to the AC together with management's responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audits with implementation status reported to the AC.

The internal audit function was previously outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad and the Group has appointed PKF Advisory Sdn. Bhd. as the new internal auditors effective from May 2019. The Internal Auditors report directly to the AC. The scope of work covered by the internal audit function is determined by the AC after careful consideration and discussion of the audit plan with the Board.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

Some key features of the Group's system of internal control include:

- Clear organisation structure with defined reporting lines;
- Capable workforce and continuous training efforts;
- Monitoring mechanisms in the form of financial and operations reports, and scheduled management meetings;
- Formal employee appraisal system which enables appraisal of employees and rewarding employees based on performance;
- Formal operating procedures which set out the expected standards for its operations;
- Surprise checks on branch and overseas operations to ensure compliance with the Group's policies and procedures;
- Independent assurance on the system of internal control from regular internal audit visits;
- Business continuity planning; and
- Succession planning to ensure that key positions in the Group are always being held by capable employees who are well aware of the Group's risks, and operating policies and procedures.

WHISTLEBLOWING POLICY

The Group has in place a Whistleblowing policy designed to enable all its employees (including Directors) with the appropriate mechanisms to confidentially and anonymously provide information in an independent and unbiased manner, on any genuine concerns, without fear of recrimination so as to enable prompt corrective action to be taken where appropriate. The Whistleblowing policy can be accessed on the Company's website at www.bauto.com.my.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on the Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (previously Recommended Practice Guide 5 (Revised 2015)), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control ("SORMIC") included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the annual report of the Group for the year ended 30 April 2019 and reported to the Board that nothing has come to their attention that causes them to believe the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the SORMIC : Guidelines for Directors of Listed Issuers, or is not factually inaccurate.

AAPG3 does not require the auditors to consider whether the Directors' SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the external auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

CONCLUSION

The Board remains committed towards operating a sound system of internal controls and recognises the need for the system to continuously evolve to support the type of business and size of operations of the Group. The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

AUDIT COMMITTEE REPORT

The Board of Directors of Bermaz Auto Berhad ("BAuto") is pleased to present the report of the Audit Committee for the financial year ended 30 April 2019.

MEMBERS AND MEETING ATTENDANCE

The members of the Audit Committee are as follows:-

Loh Chen Peng
Chairman/Independent Non-Executive Director

Dato' Syed Ariff Fadzillah Bin Syed Awalluddin
Independent Non-Executive Director

Dato' Abdul Manap Bin Abd Wahab
Independent Non-Executive Director

Datuk Syed Hisham Bin Syed Wazir
Independent Non-Executive Director

Adibah Khairiah Binti Ismail @ Daud
Independent Non-Executive Director

The Audit Committee held five (5) meetings during the financial year ended 30 April 2019. The details of attendance of the Audit Committee members are as follows:-

Directors	Attendance
Loh Chen Peng	5/5
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	5/5
Dato' Abdul Manap Bin Abd Wahab	5/5
Datuk Syed Hisham Bin Syed Wazir	5/5
Adibah Khairiah Binti Ismail @ Daud	**

Notes:
** Adibah Khairiah Binti Ismail @ Daud was appointed as a member of the Audit Committee on 8 April 2019. There was no Audit Committee meeting held subsequent to the date of her appointment up to 30 April 2019.

The Audit Committee meetings were convened with proper notices and agenda and these were distributed to all members of the Audit Committee with sufficient notification. The minutes of each of the Audit Committee meetings were recorded and tabled for confirmation at the next Audit Committee meeting and tabled at the Board Meeting for the Directors' review and notation.

The Executive Chairman and Chief Executive Officer were invited to attend all the Audit Committee meetings to provide clarification on the audit and risk related issues and to report on the overall operations of the Group. The Chief Financial Officer and the General Manager of the Internal Audit Division of Berjaya Corporation Berhad were also invited to attend the Audit Committee meetings. The External Auditors were invited to attend three (3) of these meetings.

SUMMARY OF ACTIVITIES AND WORK OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee are set out in its Terms of Reference, a copy of which is available at the Company's website at www.bauto.com.my.

In discharging its duties and responsibilities, the Audit Committee had undertaken the following activities and work during the financial year ended 30 April 2019:-

FINANCIAL REPORTING

(a) Reviewed the quarterly financial statements including the draft announcements pertaining thereto, and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Review of Quarterly Financial Statements
12 June 2018	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 April 2018
13 September 2018	First quarter results for financial year ended 30 April 2019
12 December 2018	Second quarter results for financial year ended 30 April 2019
13 March 2019	Third quarter results for financial year ended 30 April 2019

The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standard 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standard ("IAS") 34 - Interim Financial Reporting as well as applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

(b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 April 2018 at its meeting held on 1 August 2018 and to ensure that it presented a true and fair view of the Company's financial position and performance for the financial year and it is in compliance with regulatory requirements. Prior to that, the Audit Committee had reviewed the status report on the Audit Plan for financial year ended 30 April 2018 prepared by the External Auditors at the meeting held on 12 June 2018.

EXTERNAL AUDIT

(a) Evaluated the performance of the External Auditors for the financial year ended 30 April 2018 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. The Audit Committee, having been satisfied with the independence, suitability and performance of Messrs Ernst & Young ("EY"), had recommended to the Board the re-appointment of EY as External Auditors for the ensuing financial year of 30 April 2019 at its meeting held on 1 August 2018 for approval.

(b) Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors including key audit matters namely, provision for warranty which was raised in the External Auditors' Report for the financial year ended 30 April 2018.

The Audit Committee also had a private discussion with the External Auditors on 1 August 2018 without the presence of Management during the review of the audited financial statements for the year ended 30 April 2018 to discuss any problems/issues arising from the final audit and the assistance given by the employees during the course of audit by External Auditors. However, there was no major issue raised during the private session.

(c) Reviewed with the External Auditors, at the meeting held on 13 March 2019, their audit plan for the financial year end of 30 April 2019, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud consideration and the risk of management override, internal control considerations, cybersecurity and also the new and revised auditors' reporting standards.

INTERNAL AUDIT

(a) Reviewed the Internal Audit reports on the Company's subsidiaries namely, Bermaz Motor Sdn Bhd, Bermaz Motor Trading Sdn Bhd and Bermaz Auto Philippines Inc during the financial year under review. The Audit Committee also reviewed the audit findings and recommendations to improve any weaknesses or non-compliance, and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

(b) Reviewed and approved the Internal Audit Plan for financial year ending 30 April 2020 to ensure that the scope and coverage of the internal audit on the BAuto Group's operations is adequate and comprehensive and that all the risk areas are audited annually.

OTHERS ACTIVITIES

(a) Reviewed and recommended to the Board for approval, the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report.

(b) Verified the allocation and movement of the Employee Share Option Scheme ("ESOS") for the financial year ended 30 April 2018 to ensure that it had been carried out according to the criteria and matrix stipulated in the ESOS's By-Laws.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Internal Audit Division of Berjaya Corporation Berhad was engaged to undertake the internal audit function that would enable the Audit Committee to discharge its duties and responsibilities. Their role is to provide the Audit Committee with independent and objective reports on the state of internal controls of the operating unit within the Group and the extent of compliance with the Group's established policies, procedures and statutory requirements.

The activities of Internal Audit Division are guided by Internal Audit Charter and the Internal Audit Division adopts a risk-based approach focusing on high risk areas. All high risk activities in each auditable area are audited annually.

For the financial year under review, the Internal Audit Division conducted audit assignments on operating units of the Group involved in distribution of Mazda vehicles, sales of spare parts and workshop services.

The activities undertaken by the Internal Audit Division during the financial year ended 30 April 2019 included the following:

1. Tabled Internal Audit Plan for the Audit Committee's review and endorsement.

2. Reviewed the existing systems, controls and governance processes of the operating unit within the Group.

3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.

4. Provided recommendations to assist the operating units and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.

5. Issued internal audit reports incorporating audit recommendations and Management's responses in relation to audit findings on weaknesses in the systems and controls to the Audit Committee and the respective operations management.

6. Presented internal audit reports to the Audit Committee for review.

7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

The cost incurred for the Internal Audit function in respect of the financial year ended 30 April 2019 was approximately RM 121,472.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Audit Committee can be viewed on the Company's website at www.bauto.com.my.

STATEMENT OF DIRECTORS' RESPONSIBILITY
in Respect of the Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Directors are responsible for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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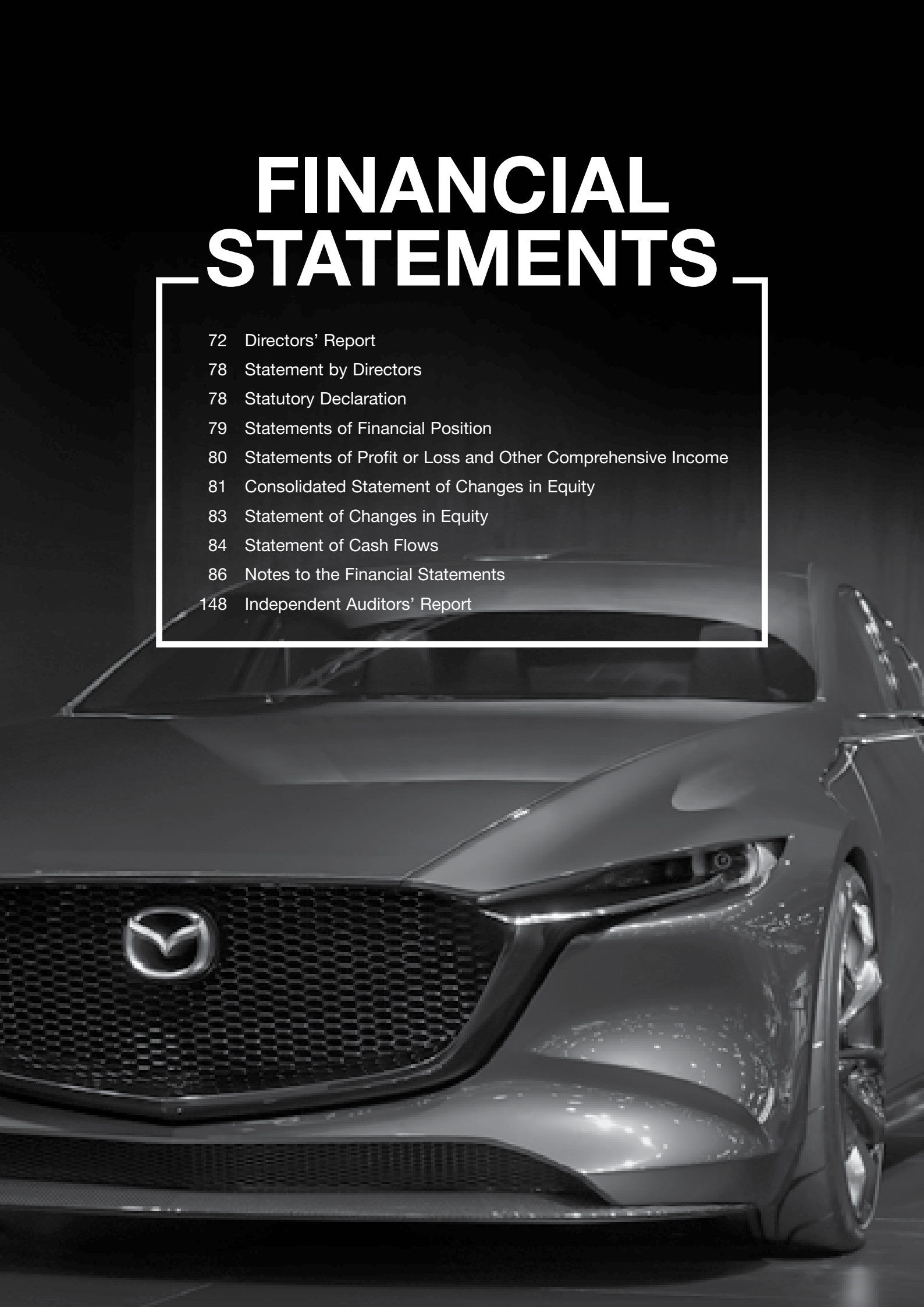
FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are the distribution of Mazda vehicles in Malaysia and the Philippines and investment holding.

Other information relating to the subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	266,796	225,138
Attributable to:		
- Owners of the parent	264,039	225,138
- Non-controlling interests	2,757	-
	266,796	225,138

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The dividends paid by the Company since 30 April 2018 were as follows:

	RM'000
In respect of the financial year ended 30 April 2018	
Fourth interim dividend of 2.30 sen per share single-tier dividend and a special dividend of 2.70 sen per share single-tier dividend, paid on 26 July 2018	58,095
In respect of the financial year ended 30 April 2019	
First interim dividend of 2.50 sen per share single-tier dividend, paid on 26 October 2018	29,057
Second interim dividend of 3.75 sen per share single-tier dividend, paid on 25 January 2019	43,483
Third interim dividend of 4.50 sen per share single-tier dividend, paid on 25 April 2019	52,187
	124,727
Total dividends paid during the financial year ended 30 April 2019	182,822
The directors declared and approved on 12 June 2019:	
Fourth interim dividend of 3.50 sen per share single-tier dividend and a special dividend of 7.00 sen per share single-tier dividend, paid on 25 July 2019	121,966 *

Note:

* The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2020.

The directors do not recommend the payment of final dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Syed Ariff Fadzillah Bin Syed Awalluddin
Dato' Sri Yeoh Choon San *
Dato' Lee Kok Chuan *
Dato' Abdul Manap Bin Abd Wahab
Loh Chen Peng
Datuk Syed Hisham Bin Syed Wazir
Dato' Kalsom Binti Abd. Rahman
Adibah Khairiah Binti Ismail @ Daud (appointed on 8 April 2019)

* Directors of the Company and subsidiary companies.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The names of the directors of the Company's subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report excluding those who are already the directors of the Company, are:

Dato' Sri Robin Tan Yeong Ching
Tan Teck Hwa
Tan Eng Hwa
Paulino S. Soo

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares and share options granted under the Employees' Share Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Company maintained a Directors' and Officers' Liability Insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium effected for any director and officer of the Company during the financial year was RM29,450. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options of the Company and its related corporations during the financial year were as follows:

		Number of ordinary shares			
		At 1.5.18	Acquired	Disposed	At 30.4.19
The Company					
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin		54,000	-	-	54,000
Dato' Sri Yeoh Choon San		1,172,000	-	-	1,172,000
	#	175,950,000	3,800,000	25,000,000	154,750,000
Dato' Lee Kok Chuan		1,193,325	247,600 *	-	1,440,925
	#	174,000,000	3,800,000	25,000,000	152,800,000
Loh Chen Peng		599,100	-	599,100	-
Dato' Abdul Manap Bin Abd Wahab	^	196,000	-	111,000	85,000

	Number of ordinary shares under ESS			
The Company	**At 1.5.18**	**Granted**	**Exercised**	**At 30.4.19**
ESS Options				
Dato' Sri Yeoh Choon San	-	490,000	-	490,000
Dato' Lee Kok Chuan	-	406,000	40,600	365,400
ESS Shares				
Dato' Sri Yeoh Choon San	-	210,000	-	210,000
Dato' Lee Kok Chuan	-	174,000	-	174,000

Notes:
Indirect interest pursuant to Section 8(4) of the Companies Act 2016.
^ Indirect interest pursuant to Section 59(11)(c) of the Companies Act 2016.
* Inclusive of shares arising from the exercise of ESS options.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares and options of the Company or its related corporations during the financial year.

EMPLOYEES' SHARE PLAN

Employees' Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 26 September 2013, shareholders approved the ESOS for the grant of options that are settled by delivery of the ordinary shares of the Company, to eligible directors and employees of the Group. During the year, the ESOS has expired.

Employees' Share Scheme ("ESS")

At an Extraordinary General Meeting held on 3 October 2018, shareholders approved the ESS for the grant of shares and share options that are settled by delivery of the ordinary shares of the Company, to eligible directors and employees of the Group. The ESS is approved for granting to the eligible employees of the Group, including executive directors of the Company, of the following:

(i) the right to receive new and/or existing ordinary shares of the Company ("ESS Shares"); and/or

(ii) option which entitle the right to exercise and receive the new ordinary shares of the Company ("ESS Options").

The committee administering the ESS comprises Dato' Syed Ariff Fadzillah Bin Syed Awalluddin, Dato' Sri Yeoh Choon San, Dato' Lee Kok Chuan and Dato' Kalsom Binti Abd Rahman.

The maximum number of ESS Shares (including shares in respect of ESS Options granted which have yet to be exercised) which may be made available under the ESS shall not exceed in aggregate three percent (3%) of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point of time throughout the duration of the ESS.

The salient features and terms of the ESS, details of ESS movements during the financial year are disclosed in Note 29 to the financial statements. No person to whom the option has been granted has any right to participate by virtue of the option in any share issue of any other company.

ISSUE OF SHARES

During the financial year, the Company increased its share capital from RM602,957,215 to RM607,878,528 by way of:

(i) the issuance of 1,319,200 and 62,500 new ordinary shares at an issue price of RM0.50 and RM2.18 per share respectively pursuant to the exercise of the share options that were granted under the ESOS;

(ii) the issuance of 272,800 new ordinary shares at an issue price of RM1.85 per share pursuant to the exercise of the share options that were granted under the ESS; and

(iii) the inclusion of RM3,620,783 from employees' share plan reserves as part of the paid up share capital upon the forfeiture and expiration of the ESOS and ESS of RM2,642,470 and upon the exercise of ESOS and ESS of RM978,313.

TREASURY SHARES

The number of treasury shares bought back from the open market with internally generated funds and held in hand as at 30 April 2019 are as follows:

	Average price per share RM	Number of shares Units	Amount RM'000
Balance as at 1 May 2018	2.06	2,235,000	4,593
Sale of treasury shares	2.06	(2,235,000)	(4,593)
Increase in treasury shares	1.90	3,412,700	6,486
Balance as at 30 April 2019	1.90	3,412,700	6,486

As at 30 April 2019, the issued and paid-up capital of the Company with voting rights was 1,159,741,188 (2018: 1,159,264,388) ordinary shares.

Subsequently, on 13 June 2019, the Company had disposed of 1,654,100 shares for a total consideration of RM4,104,946 or at an average price of RM2.48 per share.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment of receivables and satisfied themselves that there were no known bad debts and that adequate impairment had been made for receivables; and
   (ii) to ensure that any current asset which was unlikely to realise its value as shown in the accounting records in the ordinary course of business had been written down to an amount which it might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:
   (i) it necessary to write off any bad debts or the amount of impairment on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:
   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:
   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

The remuneration of the auditors of the Group and of the Company is disclosed in Note 23 to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during the financial year and since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 August 2019

DATO' SRI YEOH CHOON SAN

DATO' LEE KOK CHUAN

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, DATO' SRI YEOH CHOON SAN and DATO' LEE KOK CHUAN, being two of the directors of BERMAZ AUTO BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 79 to 147 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2019 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 August 2019

DATO' SRI YEOH CHOON SAN

DATO' LEE KOK CHUAN

STATUTORY DECLARATION

(Pursuant to Section 251(1)(b) of the Companies Act 2016)

I, CHONG BOON KIAN, being the officer primarily responsible for the financial management of BERMAZ AUTO BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 79 to 147 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed CHONG BOON KIAN at Petaling Jaya in Selangor Darul Ehsan on 9 August 2019)
)
)

CHONG BOON KIAN
MIA No. : 26760

Before me:

ZULKIFLY BIN MAHMUD (B384)
Commissioner for Oaths

STATEMENTS OF FINANCIAL POSITION
as at 30 April 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	27,148	19,805	16	2
Other investment	4	1,261	685	-	-
Subsidiary company	5	-	-	530,245	528,004
Associated companies	6	183,838	133,648	43,631	43,631
Deferred tax assets	7	52,345	42,180	-	-
Goodwill	8	500	500	-	-
		265,092	196,818	573,892	571,637
Current assets					
Inventories	9	283,976	247,382	-	-
Trade and other receivables	10	98,256	100,434	125,160	100,181
Tax recoverable		-	336	-	30
Derivative assets	11	138	-	-	-
Deposits with financial institutions	12	221,850	154,419	48,865	28,355
Cash and bank balances	13	98,316	152,350	9	2,662
		702,536	654,921	174,034	131,228
TOTAL ASSETS		967,628	851,739	747,926	702,865
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	14	607,879	602,957	607,879	602,957
Reserves	15	(36,768)	(121,601)	146,109	104,210
		571,111	481,356	753,988	707,167
Treasury shares	16	(6,486)	(4,593)	(6,486)	(4,593)
		564,625	476,763	747,502	702,574
Non-controlling interests		45,218	47,741	-	-
Total equity		609,843	524,504	747,502	702,574
Non-current liabilities					
Contract liability/deferred revenue	17	70,840	48,294	-	-
Provisions	18	35,064	16,845	-	-
		105,904	65,139	-	-
Current liabilities					
Short term borrowings	19	-	46,065	-	-
Trade and other payables	20	169,386	140,243	331	291
Contract liability/deferred revenue	17	41,617	45,029	-	-
Provisions	18	27,598	28,151	-	-
Derivative liabilities	11	-	292	-	-
Taxation		13,280	2,316	93	-
		251,881	262,096	424	291
Total liabilities		357,785	327,235	424	291
TOTAL EQUITY AND LIABILITIES		967,628	851,739	747,926	702,865

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the Year Ended 30 April 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	21	2,519,862	1,992,868	225,000	157,200
Cost of sales		(2,061,269)	(1,654,776)	-	-
Gross profit		458,593	338,092	225,000	157,200
Other income		19,415	19,921	1,949	635
Selling and distribution expenses		(73,471)	(83,139)	-	-
Administrative expenses		(113,464)	(93,571)	(1,339)	(838)
		291,073	181,303	225,610	156,997
Finance costs	22	(698)	(5,640)	-	-
Share of results of associates		50,190	21,404	-	-
Profit before tax	23	340,565	197,067	225,610	156,997
Income tax expense	25	(73,769)	(46,104)	(472)	(152)
Profit for the year		266,796	150,963	225,138	156,845
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		6,795	(18,794)	-	-
Total comprehensive income for the year		273,591	132,169	225,138	156,845
Profit attributable to:					
- Owners of the parent		264,039	139,975	225,138	156,845
- Non-controlling interests		2,757	10,988	-	-
		266,796	150,963	225,138	156,845
Total comprehensive income attributable to:					
- Owners of the parent		268,679	128,003	225,138	156,845
- Non-controlling interests		4,912	4,166	-	-
		273,591	132,169	225,138	156,845
Earnings per share (sen)	26				
- Basic, for the year		22.75	12.12		
- Diluted, for the year		22.64	12.11		
Dividend per share (sen)	27				
- First interim dividend				2.50	1.50
- Second interim dividend				3.75	1.60
- Third interim dividend				4.50	2.30
- Fourth interim dividend				3.50	2.30
- Special dividend				7.00	2.70

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30 April 2019

	Attributable to the equity holders of the Company									
						Distributable				
Group	Share capital RM'000	Employees' share plan reserve ^ RM'000	Exchange reserve RM'000	Consolidation reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 May 2018	602,957	3,441	(8,273)	32,981	(424,000)	274,250	(4,593)	476,763	47,741	524,504
Adjustment on adoption of MFRS 9 (Note 2.3(ii))	-	-	-	-	-	(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
Transactions with owners:										
Share-based payment under ESS	-	2,479	-	-	-	-	-	2,479	-	2,479
ESOS/ESS options exercised	2,279	(978)	-	-	-	-	-	1,301	-	1,301
ESOS/ESS 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 (Note 5)	-	-	-	-	-	-	-	-	(7,435)	(7,435)
Dividends (Note 27)	-	-	-	-	-	(182,822)	-	(182,822)	-	(182,822)
	4,922	(1,142)	-	-	-	(182,097)	(1,893)	(180,210)	(7,435)	(187,645)
At 30 April 2019	607,879	2,299	(3,633)	32,981	(424,000)	355,585	(6,486)	564,625	45,218	609,843

Note:

^ This represents the reserve relating to the ESOS and/or ESS.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30 April 2019 (Continued)

	Attributable to the equity holders of the Company									
						Distributable				
Group	Share capital RM'000	Employees' share plan reserve ^ RM'000	Exchange reserve RM'000	Consolidation reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 May 2017	594,747	7,107	3,699	32,981	(424,000)	233,055	(4,173)	443,416	48,981	492,397
Total comprehensive income	-	-	(11,972)	-	-	139,975	-	128,003	4,166	132,169
Transactions with owners:										
Share-based payment under ESOS	-	762	-	-	-	-	-	762	-	762
ESOS options exercised	8,044	(4,262)	-	-	-	-	-	3,782	-	3,782
ESOS options forfeited	166	(166)	-	-	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	(420)	(420)	-	(420)
Dividends paid to non-controlling interests (Note 5)	-	-	-	-	-	-	-	-	(5,406)	(5,406)
Dividends (Note 27)	-	-	-	-	-	(98,780)	-	(98,780)	-	(98,780)
	8,210	(3,666)	-	-	-	(98,780)	(420)	(94,656)	(5,406)	(100,062)
At 30 April 2018	602,957	3,441	(8,273)	32,981	(424,000)	274,250	(4,593)	476,763	47,741	524,504

Note:
^ This represents the reserve relating to the ESOS and/or ESS.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 April 2019

Company	Share capital RM'000	Employees' share plan reserve ^ RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	Total equity RM'000
At 1 May 2018	602,957	3,441	100,769	(4,593)	702,574
Total comprehensive income	-	-	225,138	-	225,138
Transactions with owners:					
Share-based payment under ESS	-	2,479	-	-	2,479
ESOS/ESS options exercised	2,279	(978)	-	-	1,301
ESOS/ESS options forfeited / expired	2,643	(2,643)	-	-	-
Treasury shares acquired	-	-	-	(6,486)	(6,486)
Sale of treasury shares	-	-	725	4,593	5,318
Dividends (Note 27)	-	-	(182,822)	-	(182,822)
	4,922	(1,142)	(182,097)	(1,893)	(180,210)
At 30 April 2019	607,879	2,299	143,810	(6,486)	747,502

Company	Share capital RM'000	Employees' share plan reserve ^ RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	Total equity RM'000
At 1 May 2017	594,747	7,107	42,704	(4,173)	640,385
Total comprehensive income	-	-	156,845	-	156,845
Transactions with owners:					
Share-based payment under ESOS	-	762	-	-	762
ESOS options exercised	8,044	(4,262)	-	-	3,782
ESOS options forfeited	166	(166)	-	-	-
Treasury shares acquired	-	-	-	(420)	(420)
Dividends (Note 27)	-	-	(98,780)	-	(98,780)
	8,210	(3,666)	(98,780)	(420)	(94,656)
At 30 April 2018	602,957	3,441	100,769	(4,593)	702,574

Note:
^ This represents the reserve relating to the ESOS and/or ESS.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
for the Year Ended 30 April 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	2,540,593	1,958,090	-	-
Payment to suppliers and operating expenses	(2,219,795)	(1,726,351)	(1,003)	(766)
Tax refund	9,636	17,673	-	-
Payment of taxes	(81,511)	(49,201)	(372)	(166)
Net cash flow generated from/(used in) operating activities	248,923	200,211	(1,375)	(932)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of property, plant and equipment	1	1,544	-	-
Acquisition of property, plant and equipment (Note 3)	(14,606)	(1,950)	(22)	-
Acquisition of other investment	(576)	-	-	-
Acquisition of unit trusts	(10,000)	-	-	-
Sales of unit trusts	9,999	-	-	-
Interest received	8,808	2,650	1,943	628
Dividends received	-	-	200,000	94,200
Loan to a related company	-	-	(40,000)	(77,000)
Repayment from a related company	-	-	40,000	95,000
Net cash flow (used in)/generated from investing activities	(6,374)	2,244	201,921	112,828
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	1,301	3,782	1,301	3,782
Treasury shares acquired	(6,486)	(420)	(6,486)	(420)
Net movement in short term borrowings	(46,065)	(12,815)	-	-
Resale of treasury shares	5,318	-	5,318	-
Interest paid	(759)	(5,543)	-	-
Dividends paid to shareholders of the Company	(182,822)	(98,780)	(182,822)	(98,780)
Dividends paid to non-controlling interests	(7,435)	(5,406)	-	-
Net cash flow used in financing activities	(236,948)	(119,182)	(182,689)	(95,418)
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,601	83,273	17,857	16,478
EFFECT OF EXCHANGE RATE CHANGES	7,796	(21,274)	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	306,769	244,770	31,017	14,539
CASH AND CASH EQUIVALENTS CARRIED FORWARD	320,166	306,769	48,874	31,017

STATEMENT OF CASH FLOWS
for the Year Ended 30 April 2019 (Continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH AND CASH EQUIVALENTS				
The closing cash and cash equivalents comprise of the following:				
Deposits with financial institutions	221,850	154,419	48,865	28,355
Cash and bank balances	98,316	152,350	9	2,662
	320,166	306,769	48,874	31,017

Note:

(a) Reconciliation of liabilities arising from financing activities:

	2019 RM'000	2018 RM'000
Short-term borrowings		
At beginning of the year	46,065	58,880
Drawdown of bank borrowings	68,854	574,062
Repayment of bank borrowings	(114,919)	(586,877)
At end of the year	-	46,065

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are the distribution of Mazda vehicles in Malaysia and in the Philippines and investment holding.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The principal place of business of the Company is located at No. 7, Jalan Pelukis U1/46, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 August 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below and comply with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the year, the Group and the Company adopted new MFRSs as disclosed in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Summary of significant accounting policies

2.2.1 Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiary companies, which are prepared up to the end of the same financial year.

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

(i) power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its investment with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.1 Subsidiaries and basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) potential voting rights held by the Group, other vote holders or other parties;
(iii) rights arising from other contractual arrangements; and
(iv) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination with Bermaz Motor Sdn Bhd ("Bermaz"), which was accounted for under the pooling of interests method as the business combination of this subsidiary company involved an entity under common control.

Under the pooling of interests method of accounting, the results of the entities under common control are presented as if the entities had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves acquired are reflected within equity as merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Under the acquisition method of accounting, subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance to the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT"). The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, and the amount of any non-controlling interests in the acquiree, the fair value of the Group's previously held equity interest in the acquiree. For an acquisition that is a business combination, the acquisition-related costs are recognised in profit or loss as incurred.

When control in a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.1 Subsidiaries and basis of consolidation (continued)

The contingent consideration to be transferred by the acquirer is recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with MFRS 9: Financial Instruments or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate with the corresponding gain or loss being recognised in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented separately in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

When there is share buyback by a subsidiary company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary company. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed is recognised directly in equity attributable to owners of the parent.

Changes in the Group's ownership interest in a subsidiary company that do not result in the Group losing control over the subsidiary company are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity attributable to the owners of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.1 Subsidiaries and basis of consolidation (continued)

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interest;

is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses.

2.2.2 Associated companies

Associated companies are entities in which the Group has significant influence. Significant influence is the power through board representations to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements and supplemented by management financial statements of the associated companies made up to the Group's financial year-end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On acquisition of an investment in associated company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets acquired and liabilities assumed of the investee is recognised as goodwill and included in the carrying amount of the investment and is not amortised.

Any excess of the Group's share of net fair value of the associated company's identifiable assets acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of associated company's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in an associated company is recognised at cost on initial recognition, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company after the date of acquisition, less impairment losses. The Group's share of comprehensive income of associated companies acquired or disposed of during the financial year, is included in the consolidated profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company, including any long term interest, that, in substance, form part of the Group's net investment in the associated companies, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an legal and constructive obligations or has made payment on behalf of the associated companies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.2 Associated companies (continued)

When there is share buyback by an associated company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the associated company. Any reduction of the Group's pre-acquisition reserves arising from the share buyback (i.e. Goodwill) is included in the carrying amount of the investment and is not amortised. Any increase of the Group's pre-acquisition reserves arising from the share buyback (i.e. Negative Goodwill) is included as income in the determination of the Group's share of associated company's results in the period of share buybacks.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

2.2.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. Subsequent to recognition, when a property, plant and equipment are required to be replaced in intervals, the Group or the Company recognises such parts as individual assets with special useful lives. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment. Capital work-in-progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	4.0%
Leasehold improvements	16.7% - 33.3%
Plant and machinery and building equipment	10.0% - 33.3%
Furniture and fittings, computers and office equipment	10.0% - 40.0%
Motor vehicles	20.0%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on the derecognition of the asset are included in profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost for vehicles are determined on a specific identification basis and cost for parts and accessories are determined on a weighted average basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.2.5 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In assessing the fair value less costs to sell, fair value is obtained from valuation reports performed by independent third party valuers based on best information available. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.6 Impairment of non-financial assets (continued)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.2.7 Fair value measurement

The Group measures financial instruments, such as derivatives and certain non-financial assets such as other investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) in the principal market for the asset or liability; or
(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole as described in Note 34.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.2.8.1 Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15. (refer to the accounting policies in Note 2.2.16 Revenue from contracts with customers).

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Financial assets at amortised cost (debt instruments);
b. Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
c. Financial assets at FVTPL.

(a) Financial assets at amortised costs (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments (continued)

2.2.8.1 Financial assets (continued)

(ii) Subsequent measurement (continued)

(a) Financial assets at amortised costs (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables (excluding other current assets), deposits with financial institutions and cash and bank balances.

(b) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income ("OCI"). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investment under this category.

(c) Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments (continued)

2.2.8.1 Financial assets (continued)

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred other rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) Impairment of Financial Assets

For trade receivables, the Group applies a simplified approach in calculating Expected Credit Losses ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant accounting estimates and judgements in Note 2.5; and
- Trade and other receivables in Note 10.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments (continued)

2.2.8.2 Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group or the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair values and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

Other financial liabilities of the Group and the Company include trade and other payables, and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments (continued)

2.2.8.2 Financial liabilities (continued)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.2.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.9 Cash and cash equivalents

Cash comprises cash in hand, at bank and short-term deposits with a maturity of three months or less. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts subject to insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

2.2.10 Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.2.11 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.11 Leases (continued)

(a) As lessee (continued)

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.2.12 Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. Treasury shares may be acquired and held by the Company. Consideration paid or received is recognised directly in equity.

2.2.13 Contract liability

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or an amount of consideration is due) from the customers. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

The contract liability of the Group primarily represents a part of the sale proceeds received from customers which relate to service maintenance in which the service has not been rendered. The amount of sale proceeds apportioned to service maintenance is measured at its fair value which is calculated based on the actual number of vehicles sold, past experience and estimated cost required to perform the maintenance service during the free-service-period.

Contract liability is recognised as revenue when the Group performs the services under the contract.

Further details are disclosed in Note 17.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.14 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group or the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

Further details are disclosed in Note 33.

2.2.15 Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:
(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.2.16 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., service maintenance, warranties, non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue from contracts with customers is measured at its transaction price which is the amount of consideration that the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, net of applicable taxes, returns, rebates and discounts. Transaction price is allocated to each distinct performance obligation on the basis of its relative stand-alone selling price.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.16 Revenue recognition (continued)

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group also provides warranties for defects that existed at the time of sale. Provisions related to these assurance type warranties are recognised when the product is sold or the service is provided to the customer. Further details of warranty provision are disclosed in Note 2.5 (ii) and Note 18.

The Group's revenue from contracts with customers are further described below:

(i) Sale of motor vehicles and spare parts

Revenue from distribution and sale of vehicles is recognised when the Group transfers the control over the vehicles and parts to customers, being when the vehicles and parts are delivered to customers. The retail sales of parts normally occur during performance of after-sales services and is recognised at point in time.

Vehicles may be sold with volume-based discounts and incentives will be given based on achieved targeted sales. Accumulated experience is used to estimate the discounts and incentives using the expected value or most likely methods depending on the type of discounts and incentives. Discounts and incentives are accounted for as a reduction of the transaction price and revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

(ii) Sale of services

The Group provides after-sales services or routine vehicle maintenance services within and/or outside of the warranty period in relation to the vehicle sold.

The sales of vehicles to customers may be bundled together with free services. The free services are separate performance obligations and the transaction price is allocated to the service obligations based on their relative stand-alone selling prices. Considerations collected from customers in advance for the free services are recognised as contract liabilities and will be recognised as revenue over the period when the free services are performed respectively.

Revenue from after-sales services beyond the free service period is recognised upon the performance of services to customers.

(iii) Other income:

(a) Interest income is recognised on an accrual basis unless recoverability is in doubt;
(b) Dividend income from investments in subsidiary and associated companies is recognised when the shareholders' rights to receive payment is established; and
(c) Other than the above, all other income are recognised on accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.17 Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss and other comprehensive income are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets or liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.18 Employee benefits

(i) Short term benefits

Wages, salaries, incentives, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The foreign subsidiary company of the Group also makes contributions to its country's statutory pension scheme.

(iii) Employees' share scheme

Employees of the Group and the Company received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares and share options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share scheme reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of shares and share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for shares and share options that do not ultimately vest, except for those where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share scheme reserve is transferred to retained earnings upon expiry of the shares and share options. When the options are exercised, the employee share scheme reserve relating to the exercised options is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares. When the options are forfeited, the employee share option reserve relating to the forfeited options is transferred to share capital.

2.2.19 Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.19 Taxes (continued)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.19 Taxes (continued)

(iii) Goods and Services Tax ("GST") or Value Added Tax ("VAT")

Where the GST or VAT incurred in a purchase of assets or services is not recoverable from the respective taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST or VAT being the difference between output and input of GST or VAT, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

(iv) Sales and Service Tax ("SST")

Revenue are recognised net of the amount of SST. The SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The amount of service tax payable to the taxation authority is included as part of payables in the statements of financial position.

2.2.20 Segmental reporting

For management purposes, the Group is organised into operating segments based on the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include items arising on investing or financing activities. Revenue is attributed to geographical segments based on location where the sales are transacted. Segment assets include all operating assets used by a segment and do not include items arising on investing or financing activities. Assets are allocated to a geographical segment based on location of assets. Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies

On 1 May 2018, the Group and the Company adopted the following new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations:

Effective for financial periods beginning on or after 1 January 2018:

- Amendments to MFRS 2: Classification of Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4: Insurance Contracts
- MFRS 9: Financial Instruments (2014)
- MFRS 15: Revenue from Contracts with Customers
- Clarifications to MFRS 15: Revenue from Contracts with Customers
- Amendments to MFRS 140: Transfer of Investment Property
- Annual Improvements to MFRSs 2014-2016 Cycle – Amendments to MFRS 1: First-time Adoption of Financial Reporting Standards
- Annual Improvements to MFRSs 2014-2016 Cycle – Amendments to MFRS 128: Investment in Associates and Joint Ventures
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Adoption of the above new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations are either not relevant or do not have any effect on the financial performance or position of the Group and the Company except as discussed below:

MFRS 9: Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on classification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting.

The Group and the Company have applied MFRS 9 retrospectively on the initial application date of 1 May 2018 and has elected not to restate comparatives, which continues to be reported under MFRS 139.

The impacts of MFRS 9 adoption are as follows:

(i) Classification and measurements

MFRS 9 contains three classification categories of financial assets i.e. measured at amortised cost, FVOCI or FVTPL. The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

MFRS 9 eliminates the previous MFRS 139 categories of held to maturity, loans and receivables and available for sale. Under MFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the new standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies (continued)

MFRS 9: Financial Instruments (continued)

(i) Classification and measurements (continued)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications as at 1 May 2018.

Financial assets	Note	Original classification under MFRS 139	New classification under MFRS 9
Group			
Other investment	4	Available-for sale	FVOCI
Trade and other receivables	10	Loans and receivables	Amortised costs
Deposits with financial institutions	12	Loans and receivables	Amortised costs
Cash and bank balances	13	Loans and receivables	Amortised costs
Company			
Trade and other receivables	10	Loans and receivables	Amortised costs
Deposits with financial institutions	12	Loans and receivables	Amortised costs
Cash and bank balances	13	Loans and receivables	Amortised costs

There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

(ii) Impairment

The adoption of MFRS 9 has replaces the 'incurred loss' approach in MFRS 139 with an ECL approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI, but not to investments in equity instruments.

Upon adoption of MFRS 9, the Group has applied the simplified approach to calculate expected credit losses which uses a lifetime expected loss allowance for trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics. The Group has recognised additional impairment on the Group's trade receivables of RM799,000, which resulted in a decrease in retained earnings of RM607,000 (net of tax) as at 1 May 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies (continued)

MFRS 9: Financial Instruments (continued)

(ii) Impairment (continued)

The effect of MFRS 9 is as follows:

	Impact of adopting MFRS 9 on opening balance as at 1 May 2018 RM '000
Consolidated statement of changes in equity	
Retained earnings	
Recognition of expected credit losses under MFRS 9	(799)
Impact on deferred tax	192
Impact as at 1 May 2018	(607)
Statements of financial position	
Assets	
Trade and other receivables	(799)
Deferred tax assets	192
Equity	
Retained earnings	(607)

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 superseded the previous revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has applied MFRS 15 using the modified retrospective method with effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). Accordingly, the information presented for the financial year ended 30 April 2018 has not been restated.

The Group has assessed the effects of applying the new standard on the financial statement. The following tables summarise the impact of adopting MFRS 15 on the Group's statement of financial position as at 30 April 2019 and its statement of profit or loss and other comprehensive income ("OCI") for the year then ended for line items affected.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies (continued)

MFRS 15: Revenue from Contracts with Customers (continued)

	Note	Prior to adoption of MFRS 15 RM'000	Effect of adoption of MFRS 15 RM'000	After adoption of MFRS 15 RM'000
Statements of financial position As at 30 April 2019:				
Deferred Revenue	(a)	112,457	(112,457)	-
Contract liability	(a)	-	112,457	112,457
Statement of profit or loss and other comprehensive income For the financial year ended 30 April 2019:				
Revenue	(b)	2,535,040	(15,178)	2,519,862
Selling and distribution expenses	(b)	(88,649)	15,178	(73,471)

Notes:

(a) Prior to the adoption of MFRS 15, the Group recognised part of the sale proceeds received from customers which relate to service maintenance for which the service has not been rendered as deferred revenue. Under MFRS 15, it meets the definition of a contract liability.

(b) The Group assessed that incentives paid to its customers (dealers) if the customers meet certain sales targets as variable consideration. As a result, the Group recognises such variable consideration as reduction in revenue, instead of selling and distribution expenses.

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations were issued but not yet effective and have not been early adopted by the Group and the Company.

Effective for financial periods beginning on or after 1 January 2019:

- Annual Improvements to MFRS Standards 2015-2017 Cycle – Amendments to MFRS 3: Business Combinations
- Amendments to MFRS 9: Prepayments Features with Negative Compensation
- Annual Improvements to MFRSs 2015-2017 Cycle – Amendments to MFRS 11: Joint Arrangements
- MFRS 16: Leases
- Annual Improvements to MFRS Standards 2015-2017 Cycle – Amendments to MFRS 112: Income Taxes
- Amendments to MFRS 119: Employee Benefits – Plan Amendment, Curtailment or Settlement
- Annual Improvements to MFRS Standards 2015-2017 Cycle – Amendments to MFRS 123: Borrowing Costs
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
- IC Interpretation 23: Uncertainty over Income Tax Treatments

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards and interpretations issued but not yet effective (continued)

Effective for financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 2: Share-based payment
- Amendments to MFRS 3: Business Combinations
- Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources
- Amendments to MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 101: Presentation of Financial Statements
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134: Interim Financial Reporting
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 138: Intangible Assets
- Amendments to IC Interpretation 12: Service Concession Arrangements
- Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
- Amendment to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- Amendments to IC Interpretation 132: Intangible Assets – Web Site Costs

Effective for financial periods beginning on or after 1 January 2021:

- MFRS 17: Insurance Contracts

Effective date yet to be determined:

- Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

Unless otherwise described below, the new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and Amendments to IC Interpretations above are either not relevant or do not have any significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of all the above new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and Amendments to IC Interpretations.

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.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards and interpretations issued but not yet effective (continued)

MFRS 16: Leases (continued)

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group plans to adopt MFRS 16 prospectively, with an initial application date of 1 May 2019. The Group will not restate the comparative information, which continues to be reported under MFRS 117. Differences arising from the adoption of MFRS 16 will be recognised directly in retained earnings and other components of equity.

The Group has assessed the estimated financial impact on its financial statements on initial application of MFRS 16. Upon adoption of MFRS 16, the significant impact on financial statements will arise from non-cancellable operating lease commitment of premises such as showrooms, service centres and warehouse of the Group, including certain sub-leases of premises where the entity acts as the intermediate lessor. A preliminary assessment indicates that these arrangements will meet the definition of a lease under MFRS 16 and hence, the Group will recognise the right-of-use assets and a corresponding liability in respect of these leases.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply into the requirements of MFRS 16 for the financial year ending 30 April 2020.

2.5 Significant accounting estimates and judgements

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

No major judgements have been made by management in applying the Group's and the Company's accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting estimates and judgements (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Contract liability/deferred revenue

The Group provides free maintenance service package for 3 years (limited to 60,000 kilometres) or 5 years (limited to 100,000 kilometres) on certain Mazda models.

Commencing from 1 January 2019, all CKD and CBU models (except BT-50) sold come with a 5-year free maintenance service or attainment of 100,000 kilometres, whichever comes first.

Contract liability/deferred revenue represents a part of the sale proceeds received from customers which relates to service maintenance in which the service has not been rendered. The amount of sale proceeds apportioned to service maintenance is measured at its fair value which is calculated based on the actual number of vehicles sold, past maintenance service performed and estimated charges to customers. Contract liability /deferred revenue are recognised as revenue when the Group performs under the contract. Details of contract liability/deferred revenue are disclosed in Note 17.

(ii) Provision for warranty

A provision is made for expected warranty claims on vehicles sold during the period, based on past experience of the level of repairs of similar type of vehicles. Assumptions used to calculate the provision for warranty were based on sales levels, past and current information available about repairs performed during warranty periods for similar vehicle types sold.

The carrying amount of the Group’s provision of warranty at the reporting date was RM51,298,000 (2018: RM31,660,000). Further details are as disclosed in Note 18.

(iii) Provision for incentives

The Group provides sales incentives for car dealers who achieve cumulative sales target level. The incentive entitlement is communicated to the dealers periodically and are paid during and/or after the financial year end. The provision for sales incentive is based on the car dealers' progress towards achieving their agreed annual sales targets.

(iv) Allowance for ECL of trade receivables

The Group has applied the simplified approach to calculate expected credit losses which uses a lifetime expected loss allowance on all trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics. The information about the ECLs on the Group’s trade receivables is disclosed in Note 10.

3. PROPERTY, PLANT AND EQUIPMENT

Group 2019 At Net Carrying Amount	Freehold Land RM'000	Building RM'000	Leasehold Improvements RM'000	Plant and Machinery and Building Equipment RM'000	Furniture and Fittings, Computers and Office Equipment RM'000	Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
At beginning of year	6,591	3,163	997	1,779	3,516	3,759	-	19,805
Additions	-	-	1,990	199	3,264	-	9,153	14,606
Disposals	-	-	-	-	(2)	-	-	(2)
Depreciation charge for the year (Note 23)	-	(201)	(1,164)	(892)	(1,500)	(77)	-	(3,834)
Write off *	-	-	-	-	-	-	-	-
Exchange difference	-	-	4	-	26	-	-	30
Reclassification/Transfer ^	-	-	-	-	-	(3,457)	-	(3,457)
At end of year	6,591	2,962	1,827	1,086	5,304	225	9,153	27,148
2018 At Net Carrying Amount								
At beginning of year	6,591	3,364	2,136	2,465	4,080	4,623	194	23,453
Additions	-	-	613	249	1,088	1,818	-	3,768
Disposals	-	-	-	-	(23)	(1,167)	-	(1,190)
Depreciation charge for the year (Note 23)	-	(201)	(1,922)	(935)	(1,528)	(1,050)	-	(5,636)
Exchange difference	-	-	(24)	-	(101)	(465)	-	(590)
Reclassification/Transfer	-	-	194	-	-	-	(194)	-
At end of year	6,591	3,163	997	1,779	3,516	3,759	-	19,805

Note:
^ Pertains to transfer of motor vehicles to inventory.
* There was a write off during the year for which the cost of the asset was RM6,000 and the net book value was RM Nil.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

	Freehold Land	Building	Leasehold Improvements	Plant and Machinery and Building Equipment	Furniture and Fittings, Computers and Office Equipment	Motor Vehicles	Capital Work-in-Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 April 2019								
Cost	6,591	4,306	23,446	6,752	15,526	609	9,153	66,383
Accumulated depreciation	-	(1,344)	(21,619)	(5,666)	(10,222)	(384)	-	(39,235)
Net carrying amount	6,591	2,962	1,827	1,086	5,304	225	9,153	27,148
As at 30 April 2018								
Cost	6,591	4,306	21,420	6,553	12,202	5,304	-	56,376
Accumulated depreciation	-	(1,143)	(20,423)	(4,774)	(8,686)	(1,545)	-	(36,571)
Net carrying amount	6,591	3,163	997	1,779	3,516	3,759	-	19,805

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2019 At Net Carrying Amount	Computers RM'000
At beginning of year	2
Additions	22
Write off *	-
Depreciation charge for the year (Note 23)	(8)
At end of year	16
2018 At Net Carrying Amount	
At beginning of year	4
Depreciation charge for the year (Note 23)	(2)
At end of year	2
As at 30 April 2019	
Cost *	26
Accumulated depreciation	(10)
Net carrying amount	16
As at 30 April 2018	
Cost	10
Accumulated depreciation	(8)
Net carrying amount	2

Note:
* There was a write off during the year for which the cost of the asset was RM6,000 and the net book value was RM Nil.

The additions in property, plant and equipment were acquired by way of:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash	14,606	1,950	22	-
Transfer from inventories	-	1,818	-	-
	14,606	3,768	22	-

4. OTHER INVESTMENT

	Group	
	2019	2018
	RM'000	RM'000
At fair value through other comprehensive income:		
Unquoted shares outside Malaysia	1,261	685

5. SUBSIDIARY COMPANY

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	504,000	504,000
ESS/ESOS granted to employees of subsidiary company	26,245	24,004
	530,245	528,004

The Group's equity interests in the subsidiary companies, their respective principal activities and country of incorporation are shown below:

			Effective interest held by			
			Group^		Non-controlling interests^	
Name	Country of incorporation	Principal activities	% 2019	% 2018	% 2019	% 2018
Subsidiary of the Company						
Bermaz Motor Sdn Bhd	Malaysia	Investment holding and distribution of Mazda vehicles under licence in Malaysia.	100.00	100.00	-	-
Subsidiaries of Bermaz Motor Sdn Bhd						
Bermaz Motor Trading Sdn Bhd	Malaysia	Distribution and retailing of new and used Mazda vehicles and the provision of after sales services in respect thereof in Malaysia.	100.00	100.00	-	-
Bermaz Motor International Ltd	Malaysia	Investment holding.	100.00	100.00	-	-
Subsidiary of Bermaz Motor International Ltd						
Bermaz Auto Philippines Inc ("BAP")*	Philippines	Distribution of Mazda vehicles and spare parts through appointed dealers in the Philippines.	60.39	60.39	39.61	39.61

Notes:
* Audited by other firms of chartered accountants.
^ Equals to the proportion of voting rights held.

5. SUBSIDIARY COMPANY (CONTINUED)

Subsidiary company with material non-controlling interests

Summarised financial information of subsidiary company which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below are amounts before inter-company elimination.

	BAP	
Group	**2019**	**2018**
At 30 April	**RM'000**	**RM'000**
Non-current assets	26,857	16,418
Current assets	173,000	195,536
Non-current liabilities	(10,038)	(11,618)
Current liabilities	(72,972)	(77,486)
Net assets	116,847	122,850
Equity attributable to equity holders of the parent	71,629	75,109
Non-controlling interests	45,218	47,741
Total equity	116,847	122,850
Year ended 30 April		
Revenue	348,564	522,478
Profit for the year	6,988	27,741
Other comprehensive income	6,795	(18,794)
Total comprehensive income for the year	13,783	8,947
Profit attributable to:		
- Owners of the parent	4,231	16,753
- Non-controlling interests	2,757	10,988
	6,988	27,741
Total comprehensive income attributable to:		
- Owners of the parent	8,871	4,781
- Non-controlling interests	4,912	4,166
	13,783	8,947
At 30 April		
Net cash (used in)/generated from:		
Operating activities	(8,812)	(9,880)
Investing activities	(7,660)	1,463
Financing activities	(13,308)	(14,590)
Net change in cash and cash equivalents	(29,780)	(23,007)
Dividends paid to non-controlling interests	(7,435)	(5,406)

6. ASSOCIATED COMPANIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares in Malaysia, at cost	69,131	69,131	43,631	43,631
Group's share of post-acquisition reserves	114,707	64,517	-	-
	183,838	133,648	43,631	43,631

The Group's equity interest in the associated companies, their respective principal activities and country of incorporation are shown below:

Name	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2019	2018
Associated company of the Company				
Inokom Corporation Sdn Bhd ("INOKOM") *	Malaysia	Manufacturing and assembly of light commercial and passenger vehicles, and contract assembly of passenger vehicles.	29	29
Associated company of Bermaz Motor Sdn Bhd				
Mazda Malaysia Sdn Bhd ("MMSB") *	Malaysia	Local assembly of Mazda vehicles by third party contract assembler using local parts and imported Mazda supplied parts and domestic distribution through Bermaz Motor Sdn Bhd and export of Mazda vehicles assembled in Malaysia.	30	30

Note:
* Audited by other firms of chartered accountants.

The financial year end of INOKOM and MMSB are 30 June and 31 March respectively. The results of the associated companies are accounted for in the Group's financial statements under the equity method, based on the most recently available audited financial statements and supplemented by the unaudited management financial statements of the associated companies made up to the Group's financial year end.

6. ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information in respect of the material associated companies is set out below. The summarised financial information represents the amounts in the financial statements of the associated companies and not the Group's share of those amounts.

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2019			
Non-current assets	213,683	172,020	385,703
Current assets	77,498	483,222	560,720
Non-current liabilities	(24,114)	(5,315)	(29,429)
Current liabilities	(88,447)	(248,895)	(337,342)
Net assets	178,620	401,032	579,652
Equity attributable to:			
Owners of the associated company	126,820	280,722	407,542
Non-controlling interests of the associated company	51,800	120,310	172,110
Total equity	178,620	401,032	579,652
Revenue	261,362	2,019,631	2,280,993
Profit for the year, representing total comprehensive income	19,822	151,047	170,869
Profit for the year/Total comprehensive income attributable to:			
- owners of the associated company	14,074	106,605	120,679
- non-controlling interests of the associated company	5,748	44,442	50,190
	19,822	151,047	170,869

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2018			
Non-current assets	166,704	166,997	333,701
Current assets	82,270	426,288	508,558
Non-current liabilities	(33,974)	(5,127)	(39,101)
Current liabilities	(56,202)	(338,173)	(394,375)
Net assets	158,798	249,985	408,783
Equity attributable to:			
Owners of the associated company	112,746	174,989	287,735
Non-controlling interests of the associated company	46,052	74,996	121,048
Total equity	158,798	249,985	408,783

6. ASSOCIATED COMPANIES (CONTINUED)

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2018			
Revenue	207,396	1,341,344	1,548,740
Profit for the year, representing total comprehensive income	21,195	52,322	73,517
Profit for the year/Total comprehensive income attributable to:			
- owners of the associated company	15,048	37,065	52,113
- non-controlling interests of the associated company	6,147	15,257	21,404
	21,195	52,322	73,517

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associated companies:

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2019			
Attributable to the owners of associated companies:			
Net assets as at beginning of financial year	158,798	249,985	408,783
Profit for the year	19,822	151,047	170,869
Net assets at end of financial year	178,620	401,032	579,652
Group's interest in associated companies (net of unrealised profit on transactions with associated company)	51,800	118,814	170,614
Goodwill	13,224	-	13,224
Carrying value of Group's interest in associated companies	65,024	118,814	183,838

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2018			
Attributable to the owners of associated companies:			
Net assets as at beginning of financial year	137,603	197,663	335,266
Profit for the year	21,195	52,322	73,517
Net assets at end of financial year	158,798	249,985	408,783
Group's interest in associated companies (net of unrealised profit on transactions with associated company)	46,052	74,372	120,424
Goodwill	13,224	-	13,224
Carrying value of Group's interest in associated companies	59,276	74,372	133,648

7. DEFERRED TAX ASSETS

	Group	
	2019	2018
	RM'000	RM'000
At beginning of year	42,180	42,798
Effect of MFRS 9 (Note 2.3)	192	-
Recognised in profit or loss (Note 25)	9,384	891
Exchange differences	589	(1,509)
At end of year	52,345	42,180

Presented after appropriate offsetting as follows:

	Group	
	2019	2018
	RM'000	RM'000
Deferred tax assets	52,345	42,180

The components and movements of deferred tax assets and liability during the financial year are as follows:

Group	Deferred revenue	Provisions and others	Total
Deferred tax assets	RM'000	RM'000	RM'000
2019			
At beginning of year	23,751	18,543	42,294
Effect of MFRS 9	-	192	192
Recognised in profit or loss	4,129	5,257	9,386
Exchange differences	335	254	589
At end of year	28,215	24,246	52,461
Set-off against deferred tax liabilities			(116)
			52,345
2018			
At beginning of year	24,939	18,048	42,987
Recognised in profit or loss	(274)	1,090	816
Exchange differences	(914)	(595)	(1,509)
At end of year	23,751	18,543	42,294
Set-off against deferred tax liabilities			(114)
			42,180

7. DEFERRED TAX ASSETS (CONTINUED)

Group Deferred tax liabilities	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
2019			
At beginning of year	(68)	(46)	(114)
Recognised in profit or loss	3	(5)	(2)
At end of year	(65)	(51)	(116)
Set-off against deferred tax assets			116
			-
2018			
At beginning of year	(96)	(93)	(189)
Recognised in profit or loss	28	47	75
At end of year	(68)	(46)	(114)
Set-off against deferred tax assets			114
			-

8. GOODWILL

	Group	
	2019 RM'000	2018 RM'000
At beginning/end of year	500	500

Goodwill relates to the excess of the purchase consideration over the total value of the assets and liabilities of a subsidiary, principally engaged in automotive segment in Malaysia, that was acquired in prior years.

9. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost:		
Motor vehicles ready for sale	216,604	178,465
Spare parts	23,216	23,212
	239,820	201,677
At net realisable value:		
Motor vehicles ready for sale	31,513	34,315
Spare parts	12,643	11,390
	44,156	45,705
	283,976	247,382

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM2,032,356,000 (2018: RM1,634,863,000).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade receivables	82,166	82,769	-	-
Less: Allowance for expected credit loss	(3,104)	(2,461)	-	-
	79,062	80,308	-	-
Other receivables				
Deposits	4,046	2,991	-	-
Sundry receivables	3,836	8,523	98	110
Amount owing by an associated company	444	223	-	-
	8,326	11,737	98	110
	87,388	92,045	98	110
Other current assets				
Prepayments	10,868	8,389	62	71
Dividend receivable from a subsidiary company	-	-	125,000	100,000
	10,868	8,389	125,062	100,071
Total trade and other receivables	98,256	100,434	125,160	100,181

(a) Trade receivables

The Group's normal credit term ranges from 30 to 90 (2018: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of trade receivables, other than an amount of RM9,836,000 (2018: RM8,287,000) due from a trade debtor.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2019 RM'000	2018 RM'000
Neither past due nor impaired	77,238	78,907
1 to 30 days past due not impaired	920	575
31 to 60 days past due not impaired	383	511
61 to 90 days past due not impaired	521	315
91 to 120 days past due not impaired	-	-
	1,824	1,401
Expected credit loss	3,104	2,461
	82,166	82,769

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,824,000 (2018: RM1,401,000) that are past due at the reporting date but not impaired. This includes mainly trade receivables past due for technical or strategic reasons and there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Trade receivables - nominal amounts	3,104	2,461
Less: Allowance for expected credit loss	(3,104)	(2,461)
	-	-

Movement in allowance accounts:

	Group	
	2019	**2018**
	RM'000	**RM'000**
At beginning of year	2,461	112
Effect of MFRS 9	799	-
(Reversal)/Charge for the year (Note 23)	(156)	2,349
At end of year	3,104	2,461

The Group performed impairment analysis at each reporting date using a provision matrix that is based on its historical credit loss experience to measure expected credit losses.

However, in certain cases, the Group also perform impairment assessment on trade receivables individually. Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

The amount owing by an associated company is non-trade in nature, unsecured, non-interest bearing and repayable on demand. All the sundry receivables and deposits are unsecured and non-interest bearing.

11. DERIVATIVE ASSETS/LIABILITIES

	Group			
	2019		2018	
	Contract amount RM'000	Derivative Assets RM'000	Contract amount RM'000	Derivative Liabilities RM'000
Non-hedging derivatives				
Current				
Forward currency contracts	18,981	138	18,648	(292)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge certain of the Group's purchases denominated in Japanese Yen for firm commitments existed at the reporting date. The fair value changes relating to those forward currency contracts outstanding at the reporting date resulted in the recognition of derivative assets for the current financial year.

	Group	
	2019 RM'000	2018 RM'000
At beginning of year	(292)	(41)
Fair value changes on forward currency contracts (Note 23)	430	(251)
At end of year	138	(292)

12. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits with:				
Licensed banks	221,850	154,419	48,865	28,355

The range of interest rates per annum and maturities of deposits as at reporting date were as follows:

	Group		Company	
	2019	2018	2019	2018
Interest rates per annum (%)				
Licensed banks	0.25 - 3.50	0.25 - 3.90	2.78 - 3.50	2.80 - 3.90
Maturities (days)				
Licensed banks	1 - 31	1 - 21	2 - 31	5 - 21

13. CASH AND BANK BALANCES

Certain cash at banks of the Group and the Company earn interest based on daily bank deposit rates.

14. SHARE CAPITAL

	Group and Company			
	Number of shares		Share capital	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Issued and fully paid:				
At beginning of year	1,161,499	1,154,080	602,957	594,747
Employees' share options exercised	1,655	7,419	2,279	8,044
Employees' share options forfeited/expired	-	-	2,643	166
At end of year	1,163,154	1,161,499	607,879	602,957

The holders of ordinary shares (other than treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares (other than treasury shares) rank equally with regard to the Company's residual assets.

15. RESERVES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Merger deficit (Note a)	(424,000)	(424,000)	-	-
Employee share plan reserve (Note b)	2,299	3,441	2,299	3,441
Consolidation reserve (Note c)	32,981	32,981	-	-
Exchange reserve (Note d)	(3,633)	(8,273)	-	-
	(392,353)	(395,851)	2,299	3,441
Retained earnings (Note e)	355,585	274,250	143,810	100,769
	(36,768)	(121,601)	146,109	104,210

Notes:

(a) Merger deficit

Merger deficit represents the difference between the cost of acquisition and the nominal value of the share capital and reserves of the subsidiary company acquired in prior years.

(b) Employee share plan reserve

The employee share plan reserve represents the equity-settled shares and share options granted to certain directors and employees of the Group. The employee share plan reserve is made up of the cumulative value of services received from those directors and employees recorded over the vesting period commencing from the grant date of the shares and share options and is reduced by the expiry, forfeiture or exercise of the share options.

(c) Consolidation reserve

The consolidation reserve comprises the consolidation effects of changes in the Group's equity interests in a subsidiary company which does not result in loss of control.

(d) Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from the Group's presentation currency.

15. RESERVES (CONTINUED)

Notes: (continued)

(e) Retained earnings

The entire retained earnings of the Company is available for distribution as single-tier dividends.

16. TREASURY SHARES

	Group and Company Ordinary shares			
	2019 Number of shares '000	2018 Number of shares '000	2019 RM'000	2018 RM'000
At beginning of year	2,235	2,025	4,593	4,173
Shares bought back during the year	3,413	210	6,486	420
Shares sold during the year	(2,235)	-	(4,593)	-
At end of year	3,413	2,235	6,486	4,593

Pursuant to an Annual General Meeting ("AGM") held on 3 October 2018, the Company has renewed the mandate relating to the share buyback of up to 10% of the existing share capital.

During the financial year, the Company bought back 3,412,700 shares from the open market for approximately RM6,486,000 or at an average price of RM1.90 per share. These transactions were financed by internally generated funds. The shares bought back are held as treasury shares and none of the shares were cancelled.

The details of the shares bought back during the financial year are as follows:

	Price per share (RM)			Number of shares	Total consideration
Month	Lowest	Highest	Average	'000	RM'000
October 2018	1.84	2.00	1.90	3,326	6,324
November 2018	1.85	1.86	1.86	87	162
			1.90	3,413	6,486

17. CONTRACT LIABILITY / DEFERRED REVENUE

The Group provides free maintenance service package for 3 years (limited to 60,000 kilometres) or 5 years (limited to 100,000 kilometres) on certain Mazda models.

Commencing from 1 January 2019, all CKD and CBU models (except BT-50) sold come with a 5-year free maintenance service or attainment of 100,000 kilometres, whichever comes first.

Contract liability/deferred revenue represents a part of the sale proceeds received from customers which relates to service maintenance in which the service has not been rendered. The amount of sales proceeds apportioned to service maintenance is measured at its fair value which is calculated based on the actual number of vehicles sold, past maintenance service performed and estimated charges to customers.

	Group	
	2019	2018
	RM'000	RM'000
At beginning of year	93,323	102,889
Deferred during the year	79,937	50,152
Recognised during the year	(61,919)	(56,671)
Exchange difference	1,116	(3,047)
At end of year	112,457	93,323

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at financial year end are as follows:

	Group	
	2019	2018
	RM'000	RM'000
At end of year:		
Within a year	41,617	45,029
Later than 1 year but not later than 5 years	70,840	48,294
	112,457	93,323

Contract liability/deferred revenue is reassessed annually based on the actual service claims from the vehicles previously sold. Any estimated apportioned service maintenance relating to contract liability/deferred revenue exceeding the amount necessary to cover the service claims on motor vehicles sold is recognised as revenue during the year.

Set out below is the amount of revenue recognised from:

	Group	
	2019	2018
	RM'000	RM'000
Amounts included in contract liability at the beginning of the year	43,689	46,747

18. PROVISIONS

Group	Incentives RM'000	Warranty RM'000	Restoration cost RM'000	Total RM'000
2019				
At beginning of year	10,179	31,660	3,157	44,996
Additional provision	18,023	29,225	401	47,649
Reversal during the year	(675)	(312)	-	(987)
Utilisation of provision	(19,660)	(9,939)	-	(29,599)
Unwinding of discount (Note 22)	-	-	(61)	(61)
Exchange difference	-	664	-	664
At end of year	7,867	51,298	3,497	62,662
2019				
Current	7,867	18,794	937	27,598
Non-current	-	32,504	2,560	35,064
	7,867	51,298	3,497	62,662
2018				
At beginning of year	2,131	22,161	3,060	27,352
Additional provision	16,101	20,814	-	36,915
Reversal during the year	(987)	(901)	-	(1,888)
Utilisation of provision	(7,066)	(8,924)	-	(15,990)
Unwinding of discount (Note 22)	-	-	97	97
Exchange difference	-	(1,490)	-	(1,490)
At end of year	10,179	31,660	3,157	44,996
2018				
Current	10,179	16,420	1,552	28,151
Non-current	-	15,240	1,605	16,845
	10,179	31,660	3,157	44,996

Notes:

(a) Incentives

The Group provides sales incentives for car dealers who achieve cumulative sales target level. The incentive entitlement is communicated to the dealers periodically and are paid during and/or after financial year end. The provision for sales incentive is based on the car dealers' progress towards achieving their agreed annual sales targets.

(b) Warranty

In Malaysia, the Group provides 3 or 5 years warranty or attainment of 100,000 kilometres, whichever is earlier, on locally assembled vehicles and undertakes to repair or replace parts that fail to perform satisfactorily. For imported vehicles, the manufacturer gives to the Group's customers a 3 years warranty or attainment of 100,000 kilometres, whichever is earlier. The Group extends an additional 2 years warranty in addition to the 3 years provided by the manufacturer, for certain models sold in Malaysia.

In the Philippines, the Group provides free maintenance and product warranty for a period of 3 years for all types of Mazda models. The maintenance service covers parts and labour costs for every scheduled service for the first three years or 60,000 kilometres, whichever comes first. The Group gives the three-year product warranty or attainment of 100,000 kilometres, whichever is earlier.

18. PROVISIONS (CONTINUED)

Notes: (continued)

(b) Warranty (continued)

A provision is made for expected warranty claims on vehicles sold during the year, based on past experience of the level of repairs of similar type of vehicles. Assumptions used to calculate the provision for warranty were based on sales levels, past and current information available about repairs performed during warranty periods for similar type of vehicles sold.

(c) Restoration cost

A provision for restoration cost is recognised for expected costs to be incurred to restore the rented premise in accordance to the stipulation in the tenancy agreement. The Group provides for the cost to restore the premises to its original state and condition. The provision is based on the best estimate of the direct expenditure to be incurred upon the expiry of tenancy period. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

19. SHORT TERM BORROWINGS

	Group	
	2019 RM'000	2018 RM'000
Bankers' acceptance	-	46,065

The interest rate per annum at the reporting date for bankers' acceptance is Nil (2018: 5.05%). As at reporting date, the bankers' acceptance has been fully settled.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables				
Third parties	106,997	74,828	-	-
Amount owing to an associated company	37,086	31,515	-	-
	144,083	106,343	-	-
Other payables				
Sundry payables	19,284	20,724	13	30
Refundable deposits from customers	2,476	2,103	-	-
Accruals	3,543	11,073	318	261
	25,303	33,900	331	291
	169,386	140,243	331	291

(a) Trade payables

These amounts are non-interest bearing except for interest levied on late payments. Trade payables are normally settled on 30 - 90 (2018: 30 – 90) days.

20. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Other payables

The refundable deposits are received from customers upon booking confirmation and will be set-off against the total invoiced amounts upon delivery of vehicles.

21. REVENUE

Revenue consists of the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contract with customers:				
Sale of motor vehicles	2,352,900	1,840,976	-	-
Sale of spare parts	123,395	109,531	-	-
Maintenance and fitting of motor vehicle accessories services	43,567	42,361	-	-
	2,519,862	1,992,868	-	-
Other revenue:				
Dividend income from a subsidiary	-	-	225,000	157,200
	2,519,862	1,992,868	225,000	157,200
Timing of revenue recognition:				
- at a point in time	2,457,943	1,936,197		
- over time	61,919	56,671		
	2,519,862	1,992,868		

22. FINANCE COSTS

	Group	
	2019 RM'000	2018 RM'000
Interest expense on bankers acceptances and trusts receipts	759	4,689
Interest expense paid to an associated company	-	854
(Reversal)/Unwinding of discount on provision (Note 18)	(61)	97
	698	5,640

23. PROFIT BEFORE TAX

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is arrived at after charging:				
Directors' remuneration (Note 24)				
- emoluments (excluding benefits-in-kind)	8,625	7,773	50	35
- fees	263	219	263	219
Auditors' remuneration				
- statutory audit fee				
- Ernst & Young	246	199	45	35
- Others	27	8	-	-
- underprovision for prior years	12	-	10	-
- fees for non audit services	41	126	11	26
Depreciation of property, plant and equipment (Note 3)	3,834	5,636	8	2
Loss on disposal of property, plant and equipment	1	-	-	-
Inventories written down	1,733	1,430	-	-
Demonstration car expenses	8,078	7,806	-	-
Allowances for expected credit loss in receivables (Note 10(a))	-	2,349	-	-
Rental expenses	13,096	11,572	-	-
Staff costs (Note a)	63,263	44,904	-	-
Loss on disposal of unit trusts	1	-	-	-
Provision for warranty (net of reversal)	28,913	19,913	-	-
Provision for incentives (net of reversal)	17,348	15,114	-	-
Loss on foreign exchange				
- realised	853	-	-	-
- unrealised	-	1,077	-	-
Fair value adjustment on derivatives (Note 11)	-	251	-	-
and crediting:				
Gain on disposal of property, plant and equipment	-	(354)	-	-
Rental income from an associated company	(264)	(264)	-	-
Interest income from financial institutions	(8,635)	(2,657)	(1,949)	(635)
Interest income from unit trusts	(179)	-	-	-
Reversal of allowances for expected credit loss in receivables (Note 10(a))	(156)	-	-	-
Gain on foreign exchange				
- realised	-	(8,982)	-	-
- unrealised	(821)	-	-	-
Fair value adjustment on derivatives (Note 11)	(430)	-	-	-

23. PROFIT BEFORE TAX (CONTINUED)

(a) Staff costs consist of the following:

	Group	
	2019 RM'000	2018 RM'000
Wages, salaries, bonuses, allowances and other emoluments	48,140	34,444
Social security costs and employees insurance	377	316
Pension costs		
- defined contribution plans	6,213	4,515
Share-based payments under ESS/ESOS (Note b)	1,983	694
Other staff related expenses	6,550	4,935
	63,263	44,904

Note: Staff costs exclude remuneration of executive directors.

(b) Share-based payments under ESS/ESOS consist of the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Share-based payments for:				
- employees of the Group	1,983	634	-	-
- directors of the Company	237	68	237	68
- other directors of the Group	259	60	-	-
	2,479	762	237	68

24. DIRECTORS' REMUNERATION

The aggregate directors' remuneration for all directors of the Company categorised into appropriate components for the financial year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company				
Executive				
Salaries and other emoluments	4,514	3,726	-	-
Performance incentive	2,000	1,500	-	-
Benefits-in-kind	31	26	-	-
	6,545	5,252	-	-
Non-executive				
Fees	263	219	263	219
Other emoluments	50	35	50	35
	313	254	313	254
	6,858	5,506	313	254
Other directors of the Group				
Salaries and other emoluments	1,504	1,437	-	-
Performance incentive	557	1,075	-	-
	2,061	2,512	-	-
Total directors' remuneration (excluding share-based payments)	8,919	8,018	313	254

25. INCOME TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income tax:				
- Malaysian	81,027	33,942	472	152
- Foreign tax	2,593	13,765	-	-
- Withholding tax	2,980	-	-	-
	86,600	47,707	472	152
Overprovision in respect of prior years				
- Malaysian income tax	(3,447)	(712)	-	-
	83,153	46,995	472	152
Deferred tax (Note 7)				
- Relating to origination and reversal of temporary differences	(9,355)	(950)	-	-
- (Over)/underprovision in prior years	(29)	59	-	-
	(9,384)	(891)	-	-
Total income tax expense	73,769	46,104	472	152

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	340,565	197,067	225,610	156,997
Applicable tax rate (%)	24	24	24	24
Taxation at applicable tax rate	81,736	47,296	54,146	37,679
Income not subject to tax	(54)	(27)	(54,000)	(37,728)
Expenses not deductible under tax legislation	3,972	2,239	326	201
Effect of different tax rate in other country	657	2,386	-	-
Effect of withholding tax	2,980	-	-	-
Effect of share of result of associated companies	(12,046)	(5,137)	-	-
Overprovision of income tax in prior years	(3,447)	(712)	-	-
(Over)/underprovision of deferred tax in prior years	(29)	59	-	-
Income tax expense for the year	73,769	46,104	472	152

26. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares with voting rights in issue during the financial year.

	Group	
	2019 RM'000	**2018 RM'000**
Profit attributable to equity holders	264,039	139,975
Weighted average number of ordinary shares with voting rights in issue ('000)	1,160,373	1,154,623
Basic earnings per share (sen)	22.75	12.12

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares with voting rights in issue during the financial year, have been adjusted for the dilutive effects of the dilutive instruments of the Group.

	Group	
	2019 RM'000	**2018 RM'000**
Profit attributable to equity holders	264,039	139,975
Weighted average number of ordinary shares with voting rights in issue ('000)	1,160,373	1,154,623
Assumed shares issued from the exercise of employees' share scheme ('000)	6,084	1,090
Adjusted weighted average number of ordinary shares with voting rights ('000)	1,166,457	1,155,713
Diluted earnings per share (sen)	22.64	12.11

27. DIVIDENDS

	Company			
	2019 Dividend per share Sen	2019 Dividend RM'000	2018 Dividend per share Sen	2018 Dividend RM'000
Recognised during the year				
Single-tier dividends:				
In respect of prior year				
- Fourth interim dividend of 2.30 sen and special dividend of 2.70 sen approved in respect of financial year ended 30 April 2018 (2018: Fourth interim dividend of 3.15 sen approved in respect of financial year ended 30 April 2017)	5.00	58,095	3.15	36,298
In respect of current year				
- First interim dividend of 2.50 sen approved in respect of financial year ended 30 April 2019 (2018: First interim dividend of 1.50 sen approved in respect of financial year ended 30 April 2018)	2.50	29,057	1.50	17,290
- Second interim dividend of 3.75 sen approved in respect of financial year ended 30 April 2019 (2018: Second interim dividend of 1.60 sen approved in respect of financial year ended 30 April 2018)	3.75	43,483	1.60	18,531
- Third interim dividend of 4.50 sen approved in respect of financial year ended 30 April 2019 (2018: Third interim dividend of 2.30 sen approved in respect of financial year ended 30 April 2018)	4.50	52,187	2.30	26,661
	15.75	182,822	8.55	98,780

On 12 June 2019, the Company declared and approved a fourth interim single-tier dividend of 3.50 sen per share and a special single-tier dividend of 7.00 sen per share in respect of the financial year ended 30 April 2019 amounting to about RM121,966,000. The financial statements for the current financial year do not reflect these dividends. These dividends will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2020.

28. SEGMENTAL INFORMATION

The Group operates predominantly in one business segment in Malaysia and outside Malaysia. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Unallocated assets/liabilities include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segments.

Results	**2019 RM'000**	**2018 RM'000**
Malaysia	273,166	140,511
Philippines	10,453	39,095
	283,619	179,606
Unallocated corporate expenses	(1,359)	(960)
	282,260	178,646
Investment related income		
- Interest income	8,813	2,657
Finance costs	(698)	(5,640)
Share of results of associates	50,190	21,404
Profit before tax	340,565	197,067
Income tax expense	(73,769)	(46,104)
Profit for the year	266,796	150,963

	Revenue RM'000	**Capital expenditure RM'000**	**Assets RM'000**	**Liabilities RM'000**
2019				
Malaysia	2,168,989	4,909	542,466	261,495
Philippines	350,873	9,697	187,218	83,010
	2,519,862	14,606	729,684	344,505
Unallocated items	-	-	237,944	13,280
Total	2,519,862	14,606	967,628	357,785
2018				
Malaysia	1,470,390	1,796	474,603	191,178
Philippines	522,478	1,972	199,787	87,676
	1,992,868	3,768	674,390	278,854
Unallocated items	-	-	177,349	48,381
Total	1,992,868	3,768	851,739	327,235

29. EMPLOYEES' SHARE SCHEME

Employees' Share Option Scheme ("ESOS")

The ESOS was approved by the shareholders at an Extraordinary General Meeting held on 26 September 2013. The ESOS is administered by a committee ("ESOS Committee").

All eligible directors and employees are entitled to a grant of options. The Grantee is an eligible director/employee who has accepted the offer of the options. The aggregate number of shares which a Grantee can subscribe under his option in a particular year shall at all times be subject to a maximum of twenty per cent of the total number of shares comprising the options held by such Grantee. However, options which are exercisable in a particular year can be carried forward and be exercised in the subsequent years. The exercise price of the first offer of the share options is equal to the initial public offer price of the shares in the Company and for subsequent offers, the subscription price shall be the five-day weighted average market price of the shares in the Company on the date of offer, with a discount not exceeding ten per cent. The ESOS is for a period of five (5) years from the effective date which is 18 November 2013. The ESOS Committee shall have the discretion to extend the tenure of the ESOS for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years. There are no cash settlement alternatives.

The grant dates of the first offer and second offer of ESOS were from 18 November 2013 to 2 December 2013 and from 25 November 2014 to 9 December 2014, respectively. The ESOS had expired on 17 November 2018.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

	Company			
	1st Offer Units	2nd Offer Units	Total Units	WAEP RM
Outstanding at beginning of year	1,319,200	3,753,800	5,073,000	1.74
- Exercised	(1,319,200)	(62,500)	(1,381,700)	0.81
- Expired	-	(3,691,300)	(3,691,300)	2.18
Outstanding / Exercisable at end of year	-	-	-	-

The following table lists the fair values of the options granted, which were estimated at the grant dates.

	Group	
Fair value of options to be vested	1st Offer RM	2nd Offer RM
On the grant date	0.63	0.71
1 year from the grant date	0.62	0.71
2 years from the grant date	0.61	0.71
3 years from the grant date	0.58	0.71
4 years from the grant date	0.57	-

- The weighted average share price at the date of exercise of the options exercised during the financial year was RM2.11.

29. EMPLOYEES' SHARE SCHEME (CONTINUED)

Employees' Share Option Scheme ("ESOS") (Continued)

Fair value of ESOS granted

The fair value of the shares and share options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model:

	1st offer Grant dates 18.11.2013 to 2.12.2013	2nd offer Grant dates 25.11.2014 to 9.12.2014
Dividend yield (%)	3.03 - 3.83	3.13 - 3.28
Expected volatility (%)	24.18	37.23
Risk-free interest rate (% p.a.)	3.79 - 4.10	3.65 - 3.88
Expected life of options (Years)	5	4
Underlying share price (RM)	0.80 - 0.89	1.00

The expected life of the options is based on the contractual life of the options. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the options, is indicative of future trends, which may not necessarily be the actual outcome.

Employees' Share Scheme ("ESS")

The Company implemented an Employees' Share Scheme ("ESS" or "Scheme") which came into effect on 19 November 2018 for a period of 5 years. The ESS may be extended for a maximum period of five (5) years if so recommended by the ESS Committee and approved at the discretion of the board. The ESS was approved by the shareholders at an Extraordinary General Meeting held on 3 October 2018. The ESS is administered by a committee ("ESS Committee").

The grant date of the ESS offer was from 21 November 2018 to 4 December 2018.

The main features of the Scheme for ESS are as follows:

(a) The aggregate maximum number of ESS Shares and ESS Options that may be granted to any eligible director or employee of the Group shall be determined by the ESS Committee provided that:

(i) the directors (including non-executive directors) and eligible employees do not participate in the deliberation and discussion of their own allocation and the allocation to any person connected with them;

(ii) no allocation of more than seventy percent (70%) of the total of ESS Shares and ESS Options shall be made in aggregate to the directors and/or senior management of the Group; and

(iii) no allocation of more than ten percent (10%) of the ESS Shares and ESS Options shall be made to any eligible directors or employee of the Group who, either single or collectively through persons connected with them, hold more than twenty percent (20%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

(b) An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. The ESS options shall be exercisable at a price which is the five-day weighted average market price of the shares in the Company on the date of offer, with a discount not exceeding ten per cent.

29. EMPLOYEES' SHARE SCHEME (CONTINUED)

Employees' Share Scheme ("ESS") (Continued)

(c) The ESS Committee may in its absolute discretion and subject to compliance with the provisions of the Act and the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, decide that the ESS Shares to be satisfied by issuance of new ordinary shares of the Company, acquisition of existing issued ordinary shares of the Company from the market, payment of cash or a combination of the above.

(d) The new ordinary shares issued upon the ESS will be subject to the provisions of the Articles of Association of our Company and will, upon allotment and issuance, rank equally in all respects with the existing new ordinary shares, save and except that the new ordinary shares issued will not be entitled for any dividends, rights, allotments and/or other distributions that may be declared, made or paid to shareholders of our Company, the entitlement date of which is prior to the date of allotment and issuance of the new ordinary shares to the participants.

(e) If an ESS granted is satisfied via a transfer of existing ordinary shares, the participants will not be entitled to any entitlement attached to such ordinary shares in respect of which the entitlement date is prior to the effective date of transfer of such ordinary shares to the participants.

The ESS consists of ESS options and shares as below:

(i) ESS Options

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

	Company Units	WAEP RM
Outstanding at beginning of year	-	-
- Granted	9,429,000	1.85
- Forfeited	(84,000)	1.85
- Exercised	(272,800)	1.85
Outstanding at end of year	9,072,200	1.85

- The weighted average share price at the date of exercise of the options exercised during the financial year was RM2.22.
- The exercise price for options outstanding at the end of the year was RM1.85 per share. The remaining contractual life for these options is 4.54 years.

29. EMPLOYEES' SHARE SCHEME (CONTINUED)

Employees' Share Scheme ("ESS") (Continued)

(ii) ESS Shares

Movement of shares during the financial year

The following table illustrates the number and movements in ESS shares during the financial year:

	Company Units
Outstanding at beginning of year	-
- Granted	4,041,000
- Forfeited	(36,000)
Outstanding at end of year	4,005,000

Fair value of ESS granted

The following table lists the fair values of the options granted, which were estimated at the grant dates.

	Group	
	ESS Options	ESS Shares
Fair value of options and shares to be vested	**RM**	**RM**
On the grant date	0.53	-
1 year from the grant date	0.53	2.11
2 years from the grant date	0.52	2.11
3 years from the grant date	0.50	2.11
4 years from the grant date	0.47	2.11
5 years from the grant date	-	2.11

The fair value of the shares and share options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model:

	ESS Grant dates 21.11.2018 to 4.12.2018
Dividend yield (%)	6.36 - 6.45
Expected volatility (%)	32.75
Risk-free interest rate (% p.a.)	3.84 - 3.89
Expected life of options (Years)	5
Underlying share price (RM)	2.10 - 2.13

The expected life of the shares and options is based on the contractual life of the shares and options. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the options, is indicative of future trends, which may not necessarily be the actual outcome.

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the notes to financial statements, the Group had the following significant transactions with related parties during the financial year:

	Group	
	2019 RM'000	2018 RM'000
Transactions with MMSB* :		
Purchase of motor vehicles	1,169,417	706,494
Management fees income received	(2,264)	(2,264)
Interest expense paid	-	854
Rental income received	(264)	(264)

Note:
***** Associated company of the Group.

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the key management personnel, who are the directors and other senior management personnel of the Group and of the Company, are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term benefits	12,296	11,031	313	254
Post-employment benefits	1,017	874	-	-
Share-based payments	932	220	237	68
	14,245	12,125	550	322

32. COMMITMENTS

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure		
Property, plant and equipment		
- approved and contracted for	9,482	-
Non-cancellable operating lease commitments as lessee		
- Within 1 year after reporting date	13,392	6,353
- Later than 1 year but not more than 5 years	16,761	4,054
- More than 5 years	45,281	-
	75,434	10,407

33. CONTINGENT LIABILITIES

The Company has provided corporate guarantees to banks for credit facilities granted to subsidiary companies. Included in such facilities granted to subsidiary companies is a trade financing facility, which allows third party utilisation by a supplier. As at the reporting date, the amount utilised by the supplier amounted to RM67,552,000 (2018: RM55,216,110). The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the likelihood of default is remote.

34. FAIR VALUE MEASUREMENT

The Group and the Company measure the fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 — Quoted (unadjusted) market price in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial instruments that are measured at fair value

The table below analyses the financial instruments measured at fair value at the reporting date, according to the level in the fair value hierarchy:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
2019					
Financial assets					
Derivative assets	-	138	-	138	
Other investment - Unquoted shares	-	-	1,261	1,261	
2018					
Financial liability					
Derivative liabilities	-	(292)	-	(292)	
Other investment - Unquoted shares	-	-	-	-	*

Forward currency contracts are valued using a valuation technique with market observable inputs. For the unquoted investment, fair value represents the enterprise value of the investment derived from the cash flows projection based on the business plan of the investee company. Fair value is determined to approximate the acquisition price of the investment.

Note:
* In prior year, this investment is carried at cost less accumulated impairment loss as their fair values cannot be measured reliably due to the absence of an active market and reliable input data.

35. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group

	Note	At amortised cost RM'000	FVTPL RM'000	FVOCI RM'000	Total RM'000
2019					
Financial assets					
Other investment	4	-	-	1,261	1,261
Trade and other receivables	10	87,388	-	-	87,388
Derivative assets	11	-	138	-	138
Deposits with financial institutions	12	221,850	-	-	221,850
Cash and bank balances	13	98,316	-	-	98,316
		407,554	138	1,261	408,953

	Note	At amortised cost RM'000	FVOCI RM'000	Total RM'000
2018				
Financial assets				
Other investment	4	-	685	685
Trade and other receivables	10	92,045	-	92,045
Deposits with financial institutions	12	154,419	-	154,419
Cash and bank balances	13	152,350	-	152,350
		398,814	685	399,499

	Note	At amortised cost RM'000	FVTPL RM'000	Total RM'000
2019				
Financial liabilities				
Trade and other payables	20	166,910	-	166,910

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Group

	Note	At amortised cost RM'000	FVTPL RM'000	Total RM'000
2018				
Financial liabilities				
Derivative liability	11	-	292	292
Short term borrowings	19	46,065	-	46,065
Trade and other payables	20	138,140	-	138,140
		184,205	292	184,497

Company	Note	2019 At amortised cost RM'000	2018 At amortised cost RM'000
Financial assets			
Trade and other receivables	10	98	110
Deposits with financial institutions	12	48,865	28,355
Cash and bank balances	13	9	2,662
		48,972	31,127

		2019 RM'000	2018 RM'000
Financial liability - At amortised cost			
Trade and other payables	20	331	291

(b) Fair value

(i) Financial instruments that are measured at fair value

Information of financial instruments of the Group that are measured at fair value is disclosed in Note 34.

(ii) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade and other receivables	10
Deposits with financial institutions	12
Short term borrowings	19
Trade and other payables	20

The carrying amounts of these financial asset and liability are reasonable approximation of fair values due to either insignificant impact of discounting from their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management policies of the Group seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk (including interest rate risk and foreign currency risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The interest-bearing assets are made up of deposits with licensed financial institutions.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rate obtainable, which yield better returns than cash at bank and by maintaining deposits and actively reviewing its portfolio of deposits.

The Group manages its interest risk exposure by actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial rate instruments				
Financial assets - fixed rate	221,850	154,419	48,865	28,355
Financial liabilities - floating rate	-	46,065	-	-

Fair value sensitivity analysis for floating rate instruments

As at previous reporting date, if interest rates had been 25 basis points higher or lower, with all other variables held constant, the Group's profit net of tax would have been RM88,000 lower or higher mainly as a result of higher or lower interest expense on floating rate short term borrowings.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (where revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investment in a foreign subsidiary.

The Group is exposed to transactional currency risk primarily through purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to risk are primarily Japanese Yen ("JPY") and United States Dollar ("USD").

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

The Group uses forward currency contracts to eliminate currency exposures resulting from fluctuations in foreign currency rates for which payment is anticipated more than one month after the Group has entered into a firm commitment for purchase. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the derivatives to match the terms of the payments to minimise the exposure to foreign currency risk.

Sensitivity analysis for currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in JPY and USD exchange rates against the functional currencies of the Group, with all other variables held constant:

		2019 RM'000	2018 RM'000
Group			
Increase/(Decrease) to profit net of tax			
JPY/MYR	- Strengthened by 5% (2018: 5%)	2,285	1,343
	- Weakened by 5% (2018: 5%)	(2,285)	(1,343)
USD/MYR	- Strengthened by 5% (2018: 5%)	181	104
	- Weakened by 5% (2018: 5%)	(181)	(104)

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's credit risk is primarily attributable to trade receivables.

Receivables

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

New vehicles sales are still largely derived from authorised car dealers and as such, the Group has a normal credit policy in place and the exposure is monitored on an going basis. The Group also extends credit risk to spare parts dealers, selective corporate purchasers and finance companies. Bank guarantees are required on a selective basis to secure the line of credit from the Group.

Exposure to credit risk, credit quality and collateral

As at 30 April 2019, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of trade receivables, other than one particular trade debtor as disclosed in Note 10.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The Group has applied the simplified approach to calculate expected credit losses which uses a lifetime expected loss allowance on all trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its operating cash flows and the availability of fund so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

All financial liabilities of the Group and the Company are either due within one year or repayable on demand.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt represents short term borrowings less deposits with financial institutions and cash and bank balances. Total equity represents net equity attributable to the owners of the parent plus non-controlling interests.

		Group	
	Note	2019 RM'000	2018 RM'000
Deposits with financial institutions	12	221,850	154,419
Cash and bank balances	13	98,316	152,350
Short term borrowings	19	-	(46,065)
Net cash		320,166	260,704
Equity attributable to the owners of the Company		564,625	476,763
Non-controlling interests		45,218	47,741
Total equity		609,843	524,504
Net gearing ratio		N/A	N/A

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one Group/Company to another.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BERMAZ AUTO BERHAD
(Company No: 900557-M) (Incorporated in Malaysia)

Report on the financial statements

Opinion

We have audited the financial statements of Bermaz Auto Berhad, which comprise the statements of financial position as at 30 April 2019 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 79 to 147.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 30 April 2019, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibility

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that content.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matter (cont'd)

Provision for warranty

(Refer to Note 18 - to the financial statements)

Provision for warranty amounting to RM51.3 million, formed 14% of total liabilities of the Group as at 30 April 2019. The Group provides various types of warranties under which the performance of vehicles sold is generally guaranteed for a specified period of time. The Group recognizes a provision for warranty when it determines that it is probable that an outflow of resources is more likely than not to occur in respect of its obligation to either repair or replace any parts of the vehicles covered under warranty.

The provision for warranty represents the Group's best estimate of contractual obligations arising from the warranties provided on the vehicles sold for a specified period of time to the end customer. This estimate includes assumptions on the timing of warranty claims, the cost to either repair or replace any parts of the vehicles covered by the warranty and historical claims experience for the various models of vehicles.

Such provision by its nature is more uncertain than most other items in the statement of financial position. The estimates of the outcome and financial effects are based on management's judgement, supplemented by previous experience on actual claims. Information considered also includes any additional evidence provided by events after the reporting period. Accordingly, we consider this area to be an area of audit focus.

Our procedures to address this area of focus include, amongst others, the following:

(a) Obtaining an understanding of the relevant internal controls of the Group over the estimation of provision for warranty process;
(b) Discussing the basis of provision and assumptions with the management to obtain an understanding of the related data (such as claims histories) used as inputs to the provision computation;
(c) Corroborating the validity of the actual claims to the approved claim forms;
(d) Assessing the provision for warranty by comparing the estimates made with the average historical claim rates of the respective vehicle models; and
(e) Assessing the discount rates used to determine the present value of the provision for warranty.

We have also evaluated the adequacy of the disclosure as presented in the Note 18 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Information other than the financial statements and auditors' report thereon (cont'd)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS, IFRS and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

Auditors' responsibilities of audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards in Auditing ("ISA"), we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Auditors' responsibilities of audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHONG TSE HENG
No. 03179/05/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 9 August 2019

LIST OF PROPERTY

Location	Tenure	Size	Description	Estimated age of building (Years)	Date of acquisition	Net book value RM'000
Lot No. 765 Jalan Padang Jawa Section 16 40200 Shah Alam Selangor Darul Ehsan	Freehold	4.49 acres	Single storey detached factory/warehouse with an annexed 2-storey office buidling & ancillary buildings	11	30/06/08	7,380

Material Contracts Involving Directors and Major Shareholders

Neither the Company nor any of its subsidiaries have entered into any contracts which are or may be material (not being contracts entered into, in the ordinary course of business) involving Directors' and Major Shareholders' interests since the end of the previous financial year.

Non-Audit Fees

The amount of non-audit fees incurred for service rendered to the Group for the financial year ended 30 April 2019 amounted to RM40,969.

Employees' Share Schemes ("ESSs")

There are two (2) ESSs in existence during the financial year ended ("FYE") 30 April 2019 and brief details of the ESSs are set out below.

Employees' Share Option Scheme I ("ESOS I")

The Company had granted options under the ESOS I governed by the by-laws that was approved by the Company's shareholders at the Extraordinary General Meeting ("EGM") held on 26 September 2013. The ESOS I had been in force for a period of 5 years since 18 November 2013 and had expired on 17 November 2018. Information in relation to ESOS I are illustrated in the tables below.

	During the FYE 30 April 2019	Since commencement of ESOS I
Total number of options granted	0	40,153,000
Total number of options exercised	1,381,700	34,368,900
Total number of options forfeited	0	2,092,800
Total number of options expired	3,691,300	3,691,300
Total number of options outstanding	0	0

Granted to Directors & Chief Executive	During the FYE 30 April 2019	Since commencement of ESOS I
Aggregate options granted	0	7,316,000
Aggregate options exercised	0	7,316,000
Aggregate options outstanding	-	0

Granted to Directors & Senior Management	During the FYE 30 April 2019	Since commencement of ESOS I
Aggregate maximum allocation in percentage	0%	36.07%
Actual percentage granted	0%	35.50%

Employees' Share Scheme II ("ESS II")

The Company had implemented ESS II subsequent to the expiry of ESOS I and had granted ESS Options and ESS Shares under ESS II pursuant to the by-laws approved by the Company's shareholders at the EGM held on 3 October 2018. The ESS II is to be in force for a period of 5 years from the effective date of 19 November 2018 and expiring on 18 November 2023. Total numbers of ESS Options and ESS Shares offered and accepted are 9,429,000 units and 4,041,000 units respectively. Information in relation to ESS II are illustrated in the tables below.

	ESS Options		ESS Shares		Total Options & Shares	
	During the FYE 30 April 2019	Since commencement of ESS II	During the FYE 30 April 2019	Since commencement of ESS II	During the FYE 30 April 2019	Since commencement of ESS II
Total number of options/shares granted	942,900	942,900	0	0	942,900	942,900
Total number of options exercised/ shares awarded	272,800	272,800	0	0	272,800	272,800
Total number of options/shares forfeited	8,400	8,400	0	0	8,400	8,400
Total number of options/shares outstanding	-	661,700	-	0	-	661,700

Granted to Directors & Chief Executive	ESS Options		ESS Shares		Total Options & Shares	
	During the FYE 30 April 2019	Since commencement of ESS II	During the FYE 30 April 2019	Since commencement of ESS II	During the FYE 30 April 2019	Since commencement of ESS II
Aggregate options/shares granted	187,600	187,600	0	0	187,600	187,600
Aggregate options exercised/shares awarded	74,200	74,200	0	0	74,200	74,200
Aggregate options/shares outstanding	-	113,400	-	0	-	113,400

Granted to Directors & Senior Management	ESS Options		ESS Shares		Total Options & Shares	
	During the FYE 30 April 2019	Since commencement of ESS II	During the FYE 30 April 2019	Since commencement of ESS II	During the FYE 30 April 2019	Since commencement of ESS II
Aggregate maximum allocation in percentage	45.9%	45.9%	0%	0%	45.9%	45.9%
Actual percentage granted	4.6%	4.6%	0%	0%	3.2%	3.2%

STATEMENT OF DIRECTORS' SHAREHOLDINGS

as at 23 July 2019

The Company	Number of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Yeoh Choon San	1,221,000	0.11	154,750,000	13.32
Dato' Lee Kok Chuan	1,440,925	0.12	152,800,000	13.15
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	54,000	0.00	-	-
Dato' Abdul Manap Bin Abd Wahab	-	–	85,000[#]	0.01

	Number of Ordinary Shares under Employees' Share Scheme ("ESS")			
	Direct Interest	%	Deemed Interest	%
ESS Options				
Dato' Sri Yeoh Choon San	441,000	0.04	-	-
Dato' Lee Kok Chuan	365,400	0.03	-	-
ESS Shares				
Dato' Sri Yeoh Choon San	210,000	0.02	-	-
Dato' Lee Kok Chuan	174,000	0.01	-	-

[#] Denotes Indirect Interest pursuant to Section 59(11)(c) of the Companies Act 2016.

Save as disclosed, none of the other Directors of the Company had any interest in the shares of the Company or its related corporations as at 23 July 2019.

Substantial Shareholders as at 23 July 2019

Name	Number of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Dynamic Milestone Sdn Bhd	152,800,000	13.15	-	-
Dato' Sri Yeoh Choon San	1,221,000	0.11	154,750,000 [(a)]	13.32
Dato' Lee Kok Chuan	1,440,925	0.12	152,800,000 [(b)]	13.15
Dato' Amer Hamzah Bin Ahmad	4,444,000	0.38	152,800,000 [(b)]	13.15
Employees Provident Fund Board	109,047,600	9.39	-	-

[(a)] Deemed Interested by virtue of his interest in Dynamic Milestone Sdn Bhd and Podium Success Sdn Bhd.
[(b)] Deemed Interested by virtue of his interest in Dynamic Milestone Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS
as at 23 July 2019

Size of Shareholdings	No. of Shareholders	%	No. of Ordinary Shares	%
less than 100	196	2.49	6,520	0.00
100 - 1,000	3,873	49.27	1,392,298	0.12
1,001 - 10,000	2,607	33.16	10,002,084	0.86
10,001 - 100,000	668	8.50	23,612,990	2.03
100,001 - 58,079,563	515	6.55	933,829,276	80.39
58,079,564 and above*	2	0.03	192,748,120	16.60
Total	**7,861**	**100.00**	**1,161,591,288**	**100.00**

Note: There is only one class of shares in the paid-up capital of the Company. Each share entitles the holder to one vote.
* Denotes 5% of the total number of issued shares with voting rights in issue.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Ordinary Shares	%
1	Dynamic Milestone Sdn Bhd	102,800,000	8.85
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	89,948,120	7.74
3	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Dynamic Milestone Sdn Bhd (410544)	50,000,000	4.30
4	Permodalan Nasional Berhad	45,479,500	3.92
5	Amanahraya Trustees Berhad Amanah Saham Bumiputera	40,000,000	3.44
6	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	22,711,100	1.96
7	Citigroup Nominees (Asing) Sdn Bhd UBS AG	17,213,721	1.48
8	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC For Asia Ex Japan Equity Smaller Companies (LXG HGIF)	16,055,400	1.38
9	Kumpulan Wang Persaraan (Diperbadankan)	15,828,300	1.36
10	Citigroup Nominees (Tempatan) Sdn Bhd Valuecap Sdn Bhd	15,346,800	1.32
11	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	12,797,500	1.10
12	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Penny Stock Fund	12,100,000	1.04
13	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	11,292,120	0.97

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

	Name of Shareholders	No. of Ordinary Shares	%
14	CIMB Group Nominees (Tempatan) Sdn Bhd Yayasan Hasanah (AUR-VCAM)	11,177,200	0.96
15	HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International PLC (Firm A/C)	10,940,220	0.94
16	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 1)	10,310,100	0.89
17	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd.	10,207,100	0.88
18	Amanahraya Trustees Berhad Amanah Saham Nasional	9,895,500	0.85
19	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Growth Fund	9,856,200	0.85
20	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Total International Stock Index Fund	9,447,801	0.81
21	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali) (419455)	9,165,300	0.79
22	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB Prin)	9,076,680	0.78
23	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (P)	8,717,400	0.75
24	HSBC Nominees (Asing) Sdn Bhd TNTC For GIC Private Limited	8,681,500	0.75
25	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund	8,344,740	0.72
26	Cartaban Nominees (Asing) Sdn Bhd Wellington Trust Company,National Association Multiple Common Trust Funds Trust Emerging Markets Local Equity Portfolio	8,233,300	0.71
27	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Emerging Markets Stock Index Fund	8,050,700	0.69
28	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LPF)	7,769,300	0.67
29	Cartaban Nominees (Asing) Sdn Bhd Exempt An For RBC Investor Services Trust (Clients Account)	7,103,100	0.61
30	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	7,041,000	0.61
		605,589,702	**52.12**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Bermaz Auto Berhad will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Friday, 4 October 2019 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 April 2019 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM263,220.00 to the Non-Executive Directors of the Company for the financial year ended 30 April 2019. **Ordinary Resolution 1**
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM85,500.00 for the period from 5 October 2019 until the next Annual General Meeting of the Company to be held in 2020. **Ordinary Resolution 2**
4. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association:

   (a) Dato' Lee Kok Chuan **Ordinary Resolution 3**

   (b) Datuk Syed Hisham Bin Syed Wazir **Ordinary Resolution 4**
5. To re-elect Adibah Khairiah Binti Ismail @ Daud who retires pursuant to Article 100 of the Company's Articles of Association. **Ordinary Resolution 5**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**
7. As special business:-

(a) To consider and, if thought fit, pass the following Ordinary Resolutions:-

(i) AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT, subject always to the Companies Act 2016 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**

(ii) PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

"THAT, subject always to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company ("BAuto Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;

3. the authority shall commence immediately upon passing of this ordinary resolution until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first;

AND THAT upon completion of the purchase(s) of the BAuto Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BAuto Shares so purchased by the Company in the following manner:-

(a) cancel all the BAuto Shares so purchased; or

(b) retain all the BAuto Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or

(c) retain part thereof as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force." **Ordinary Resolution 8**

(iii) PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

(a) "THAT the recommendation to retain Dato' Syed Ariff Fadzillah Bin Syed Awalluddin as an Independent Non-Executive Director of the Company be and is hereby approved and he shall continue to act as an Independent Non-Executive Director of the Company when his tenure exceeds a cumulative term of nine (9) years after 27 July 2020." **Ordinary Resolution 9**

(b) "THAT the recommendation to retain Dato' Abdul Manap Bin Abd Wahab as an Independent Non-Executive Director of the Company be and is hereby approved and he shall continue to act as an Independent Non-Executive Director of the Company when his tenure exceeds a cumulative term of nine (9) years after 27 July 2020." **Ordinary Resolution 10**

(c) "THAT the recommendation to retain Loh Chen Peng as an Independent Non-Executive Director of the Company be and is hereby approved and he shall continue to act as an Independent Non-Executive Director of the Company when his tenure exceeds a cumulative term of nine (9) years after 27 July 2020." **Ordinary Resolution 11**

(b) To consider and, if thought fit, pass with or without modifications, the following Special Resolution:

PROPOSED ADOPTION OF A NEW CONSTITUTION

"THAT the proposed new Constitution as set out in Appendix II of Part B of the Statement/Circular to Shareholders dated 29 August 2019 be and is hereby approved and adopted as the Constitution of the Company to replace the whole of the existing Memorandum and Articles of Association of the Company with immediate effect AND THAT the Board of Directors and/or Secretary of the Company be and are hereby authorised to do all such acts and things in any manner as they may deem necessary and/or expedient in order to give full effect to the aforesaid with full powers to assent to any conditions, modifications and/or amendments as may be required or permitted by any relevant authorities." **Special Resolution**

By Order of the Board

THAM LAI HENG MICHELLE
(MAICSA 7013702)
Secretary

Kuala Lumpur
29 August 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting.

2. Directors' Fees

The quantum of the Directors' fees for each of the Non-Executive Directors is the same as the previous financial year ended 30 April 2018. The Director's fee for Dato' Syed Ariff Fadzillah Bin Syed Awalluddin as Chairman was pro-rated from 1 May 2018 until 31 December 2018 consequent upon his relinquishment of his position as a Chairman and continue to remain as Independent Non-Executive Director of the Company with effect from 1 January 2019 and the newly appointed Independent Non-Executive Director namely, Adibah Khairiah Binti Ismail @ Daud was pro-rated from the date of her appointment up to 30 April 2019.

3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the Companies Act 2016 provides that the "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for the payment of Directors' remuneration (excluding Directors' fees) payable to Non-Executive Directors of the Company for period from 5 October 2019 until the next AGM of the Company under Resolution 2.

The current Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors for the Company comprises of meeting allowances.

In determining the estimated remuneration payable to Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board"), Board Committees and general meetings of the Company as well as the number of Non-Executive Directors involved in these meetings.

In the event, where the payment of Directors' remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

4. Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 7 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Eighth Annual General Meeting held on 3 October 2018 and which will lapse at the conclusion of the Ninth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

5. Proposed Renewal of Authority for the Company to Purchase its Own Shares

Ordinary Resolution 8, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out in the Statement/Circular to Shareholders dated 29 August 2019 which is despatched together with the Company's 2019 Annual Report.

6. Proposed retention of Independent Non-Executive Director

Ordinary Resolution 9 is proposed pursuant to Practice 4.2 of the Malaysian Code of Corporate Governance and if passed, will allow Dato' Syed Ariff Fadzillah Bin Syed Awalluddin to be retained and continue to act as an Independent Non-Executive Director when his tenure exceeds a cumulative term of nine (9) years after 27 July 2020. The full details of the Board's justifications for the retention of Dato' Syed Ariff Fadzillah Bin Syed Awalluddin is set out in the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

7. Proposed retention of Independent Non-Executive Director

Ordinary Resolution 10 is proposed pursuant to Practice 4.2 of the Malaysian Code of Corporate Governance and if passed, will allow Dato' Abdul Manap Bin Abd Wahab to be retained and continue to act as an Independent Non-Executive Director when his tenure exceeds a cumulative term of nine (9) years after 27 July 2020. The full details of the Board's justifications for the retention of Dato' Abdul Manap Bin Abd Wahab is set out in the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

8. Proposed retention of Independent Non-Executive Director

Ordinary Resolution 11 is proposed pursuant to Practice 4.2 of the Malaysian Code of Corporate Governance and if passed, will allow Loh Chen Peng to be retained and continue to act as an Independent Non-Executive Director when his tenure exceeds a cumulative term of nine (9) years after 27 July 2020. The full details of the Board's justifications for the retention of Loh Chen Peng is set out in the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

9. Proposed Adoption of A New Constitution

The Special Resolution, if passed, will align the Constitution of the Company with the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The relevant information on the Special Resolution is set out in Part B of the Statement/Circular to Shareholders dated 29 August 2019 which is despatched together with the Company's 2019 Annual Report.

The Constitution shall take effect once the Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the Ninth AGM.

10. Proxy and Entitlement of Attendance

(i) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member.

(ii) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.

(iii) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.

(iv) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.

(v) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.

(vi) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

(vii) Only members whose names appear in the Record of Depositors as at 27 September 2019 shall be entitled to attend and vote at the meeting.

11. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

FORM OF PROXY

BERMAZ AUTO BERHAD
(Company No. 900557-M)

I/We _____
(Name in full)

I.C. or Company No. _____ CDS Account No. _____
(New and Old I.C. Nos.)

of _____
(Address)

being a member/members of BERMAZ AUTO BERHAD

hereby appoint: _____ I/C No. _____ of
(Name in full) *(New and Old I.C. Nos.)*

_____
(Address)

or failing him/her, _____ I/C No. _____ of
(Name in full) *(New and Old I.C. Nos.)*

_____
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Ninth Annual General Meeting of the Company to be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Friday, 4 October 2019 at 10.00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

		FOR	AGAINST
ORDINARY RESOLUTION 1	- To approve payment of Directors' Fees.		
ORDINARY RESOLUTION 2	- To approve payment of Directors' remuneration (excluding Directors' fees) for the period from 5 October 2019 until the next Annual General Meeting of the Company.		
ORDINARY RESOLUTION 3	- To re-elect Dato' Lee Kok Chuan as Director.		
ORDINARY RESOLUTION 4	- To re-elect Datuk Syed Hisham Bin Syed Wazir as Director.		
ORDINARY RESOLUTION 5	- To re-elect Adibah Khairiah Binti Ismail @ Daud as Director.		
ORDINARY RESOLUTION 6	- To re-appoint Auditors.		
ORDINARY RESOLUTION 7	- To approve authority to issue and allot shares.		
ORDINARY RESOLUTION 8	- To renew authority for the Company to purchase its own shares.		
ORDINARY RESOLUTION 9	- To approve the retention of Dato' Syed Ariff Fadzillah Bin Syed Awalluddin as an Independent Non-Executive Director.		
ORDINARY RESOLUTION 10	- To approve the retention of Dato' Abdul Manap Bin Abd Wahab as an Independent Non-Executive Director.		
ORDINARY RESOLUTION 11	- To approve the retention of Loh Chen Peng as an Independent Non-Executive Director.		
SPECIAL RESOLUTION	- To approve the proposed adoption of a new Constitution.		

Dated this _____ day of _____, 2019.

NO. OF SHARES HELD

_____
Signature(s)/Common Seal of Member(s)

Notes:

(i) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member.

(ii) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.

(iii) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.

(iv) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.

(v) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.

(vi) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

(vii) Only members whose names appear in the Record of Depositors as at 27 September 2019 shall be entitled to attend and vote at the meeting.

(viii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

Fold this flap for sealing

Affix Stamp

THE COMPANY SECRETARY
BERMAZ AUTO BERHAD
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1 JALAN IMBI
55100 KUALA LUMPUR

2nd fold here

1st fold here

GROUP ADDRESSES

Bermaz Auto Berhad

Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

Tel: +603-2149 1999
Fax: +603-2143 1685

Bermaz Motor Sdn Bhd
Bermaz Motor Trading Sdn Bhd
Mazda Malaysia Sdn Bhd
No. 7, Jalan Pelukis U1/46
Temasya Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan

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Bermaz Motor International Ltd
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Financial Park Labuan
Jalan Merdeka
87000 Labuan

Tel: +6087-414 252
Fax: +6087-411 855

Bermaz Auto Philippines Inc

9th Floor, Rufino Building
6784 Ayala Avenue corner V.A. Rufino Street
Makati City, Metro Manila, Philippines

Tel: +632-551 8000
Fax: +632-551 0808

Inokom Corporation Sdn Bhd
Lot 38, Mukim Padang Meha
Padang Serai
09400 Kulim
Kedah Darul Aman

Tel: +604-403 1888
Fax: +604-403 6888

The Company Secretary
Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur.

Tel: 03-2149 1999
Fax: 03-2143 1685

CORPORATE GOVERNANCE REPORT

STOCK CODE **:** 5248
COMPANY NAME **:** BERMAZ AUTO BERHAD
FINANCIAL YEAR **:** April 30, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1
The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	The Board is responsible for the performance and affairs of the Group and the provision of leadership and guidance for setting the strategic direction of the Group. The Board has in place a Mission and Vision Statement which sets out the primary goals and purposes of the Company and to provide a roadmap for the employees to achieve the objectives. The Board is also committed to instill good ethics and values amongst its members and its employees in tandem with its Mission and Vision Statement through its core values of Honesty, Integrity, Commitment, Loyalty and Humanity. This is clearly reflected through the adoption of a Code of Ethics for Directors, a Code of Conduct for employees and a Whistleblowing Policy. The Board believes that the success of the Group's business should be built based on these foundations. In order to realise the Vision and Mission of the Company, the Board as a whole, led by the Chairman, works together with Senior Management to promote good corporate culture and behaviour within the Company that is ethical, prudent and professional. The duties and powers of the Board are governed by the Articles of Association of the Company, the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other regulatory requirements that are in force. All members of the Board are aware of their responsibility to make decisions objectively and which promote the success of the Group for the benefits of shareholders and other stakeholders. The roles and responsibilities of the Board which are set out in the Board Charter, serves as a reference point for Board activities. The Board Charter is available on the Company's website at www.bauto.com.my.

	To ensure the fine tuning of the Group's corporate strategies and the effective execution of these strategies, the Board has delegated to the Executive Chairman and the Chief Executive Officer ("CEO") the daily management of the Group's affairs. The Executive Chairman and the CEO leads the senior management of the Group in making, implementing and managing the day-to-day decisions of the business operations, the Group's resources and the associated risks involved in pursuing the Group's corporate objectives. The Executive Chairman, the CEO, and management meet regularly to review and monitor the performance of the Group's operations. The Executive Chairman and the CEO briefs the Board on the Group's business operations and management's initiatives during its quarterly Board meetings. Independent Non-Executive Directors are not involved in the daily management of the Group but contribute their own particular expertise and experience in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed to the enhancement of corporate governance and controls of the Group. The Board has established and is supported by the following Board Committees which consist of a majority of Independent Non-Executive Directors to provide independent oversights on management and to ensure that there are appropriate checks and balances while discharging its oversight function: - (i) Audit Committee; (ii) Nomination Committee; (iii) Remuneration Committee; (iv) Risk Management Committee; (v) Employees' Share Scheme Committee; and (vi) Sustainability Working Committee. Each of the Board Committee operates within its respective Terms of Reference ("TOR") that also outlines its respective functions and authorities. The TOR of the respective Board Committee are periodically reviewed by the Board Committee and approved by the Board to ensure that the TOR remains relevant and adequate in governing the responsibilities of the Committees and reflects the latest developments in the Main Market Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance ("MCCG"). These Board Committees have the authority to report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters still lies with the Board.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	

Measure	:		
Timeframe	:		

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2
A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	The present Chairman of the Board is Dato' Sri Yeoh Choon San. He was previously appointed as the Chief Executive Officer of the Company. Subsequently on 1 January 2019, he was redesignated as the Executive Chairman of the Company, and is responsible for providing leadership to the Board and ensuring smooth and effective functioning of the Board. The Executive Chairman is elected by the Board and will preside at all Board meetings and general meetings of the Company. The Executive Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted. The Executive Chairman contributes his expertise and experience in leading the Board in the determination of the Company's strategies and policies so that the Board can perform their responsibilities effectively. The Executive Chairman also encourages active participation and healthy discussion at meeting to ensure that dissenting views can be freely expressed and discussed. In addition, the Executive Chairman also leads the Board in establishing and monitoring good corporate governance practices in the Company. The other roles and responsibilities of the Executive Chairman of the Board is set out in the Board Charter which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3
The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	The positions of Chairman and CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO with their clear division of responsibilities ensures that there is a balance of power and authority, such that no individual has unfettered decision-making powers. The Executive Chairman, Dato' Sri Yeoh Choon San is responsible for providing leadership to the Board and ensuring the smooth and effective functioning of the Board whereas the CEO, Dato' Lee Kok Chuan is responsible for overseeing the day-to-day management of the Group's businesses and implementing Board's policies and decisions. The CEO in association with the Executive Chairman shall jointly oversee some of the divisional function of the Group. Their key roles and responsibilities are set out in the Board Charter of the Company, which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4
The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by the Company Secretaries who are qualified to act as Company Secretary as prescribed under Section 235(2) of the Companies Act 2016 and has the requisite experience and competency in company secretarial services. Both Company Secretaries are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries play an important role in good governance by helping the Board and the Board Committees to function effectively and in accordance with their terms of reference and best practices. The Company Secretaries also play an advisory role to the Board in relation to the Company's Memorandum and Articles of Association and advises the Board on its roles and responsibilities and keep the Board updated on matters relating to new statutory and relevant regulatory requirements and corporate governance and the resultant implications of any changes therein to the Company and the Directors in relation to their duties and responsibilities. The Company Secretaries organize and attend all Board Meetings and the meetings of the Board Committees where they act as Secretaries and are responsible to ensure that meetings are properly convened and accurate and proper records of the proceedings and resolutions passed are minuted and maintained at the registered office of the Company. The Company Secretaries have also been attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and relevant regulatory requirements and corporate governance and to be able to provide the relevant advisory role to the Board. The roles and responsibilities of the Company Secretaries are also set out in the Board Charter which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5
Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	All Directors have full access to information through the Board papers distributed in a timely manner prior to the Board meetings. The Board papers provide, among others, periodic financial information, operational issues, regulatory compliance matters, investment proposals and management proposals that require Board's approval. Board and Board Committees papers are disseminated at least five (5) days prior to the meeting as stated in the Board Charter, except for meetings called on an ad-hoc basis for special matters. This is to enable the Directors to have an overview of the matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Directors are also provided with electronic devices, i.e. an iPad for a more efficient communication and dissemination of the Board Papers. The Senior Management, external advisers and the Directors of the Company's subsidiary were invited to attend the Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties. All deliberations and decisions of the Board and Board Committees are recorded by the Company Secretaries including disclosures of interests by any interested Directors and their abstention from voting and deliberating on a particular transaction. Minutes of meetings would be circulated to all Directors on a timely basis for review and thereafter for confirmation at next meeting of the Board and Board Committees.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	The Board has adopted a Board Charter which clearly sets out the roles and responsibilities of the Board, Board Committees and individual Directors in promoting the standards of corporate governance and practices. In addition, there is also a formal schedule of matters reserved for the Board's deliberation and decision as set out in the Board Charter to ensure that the direction and control of the Company are in the hands of the Board. The Board Charter is subject to review by the Board annually to ensure it remains consistent with the Board's objectives and responsibilities, current laws and practices. A copy of the latest Board Charter is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1
The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has adopted a Code of Conduct and Business Ethics ("Code") which provides the ground rules and guidance for proper standard of conduct and ethical behaviour for all Directors and employees of the Group when dealing with both internal and external parties and compliance with all applicable laws, rules and regulations in all its business activities. The Code covers, amongst others, the policies and procedures in managing conflicts of interest, preventing the abuse of power, corruption, insider trading, money laundering and unethical conduct or violation of laws, rules and regulations. The Board has also adopted a Code of Ethics for Directors which is incorporated in the Board Charter. The Code of Ethics was formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors. The Company's Code of Conduct and Ethics is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	The Board has formalised a Whistleblowing Policy which serves as an internal communication channel in relation to whistleblowing at work place and to enable employees or the relevant parties to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis and pursuant to the Malaysian Whistleblower Protection Act 2010 or other similar law prevailing in other countries where the subsidiary companies are located, without fear of any form of victimization, harassment, retribution or retaliation. The Whistleblowing Policy provides contact details of the Executive Chairman, Chief Executive Officer, Group Human Resource and Head of Corporate Planning/Internal Controls of the Company as the avenue for the employees or relevant parties to raise concerns of non-compliance to them. The Whistleblowing Policy can be accessed on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	The Board currently has eight (8) members comprising six (6) Independent Non-Executive Directors, an Executive Chairman and a CEO. The present composition of the Board is in compliance with Chapter 15.02 of the Main Market Listing Requirements of Bursa Securities,that is at least 2 or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors. The Company is categorised as a Large Company and the present composition of the Board is also in compliance with the requirements under Practice 4.1 of the MCCG, that is, the Board of a Large Company should have a majority of Independent Directors. The independence of each Director is reviewed by the Nomination Committee on an annual basis. All the six (6) INEDs have satisfied the independence criteria as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities and they are able to continue to demonstrate their independent judgement and objectivity in the Board's decision-making process. They form 75% of the total Board composition.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<table>
<tr><td>Application :</td><td>Applied - Annual shareholders' approval for independent directors serving beyond 9 years</td></tr>
<tr><td>Explanation on application of the practice :</td><td>The length of service of Independent Directors as at 30 April 2019 is as follows:-

<table>
<tr><th>No.</th><th>Name of Independent Directors</th><th>Date of appointment</th><th>Length of service</th></tr>
<tr><td>1.</td><td>Dato' Syed Ariff Fadzillah Bin Syed Awalluddin</td><td>27 July 2011</td><td>7 years 9 months</td></tr>
<tr><td>2.</td><td>Dato' Abdul Manap Bin Abd Wahab</td><td>27 July 2011</td><td>7 years 9 months</td></tr>
<tr><td>3.</td><td>Loh Chen Peng</td><td>27 July 2011</td><td>7 years 9 months</td></tr>
<tr><td>4.</td><td>Datuk Syed Hisham Bin Syed Wazir</td><td>19 December 2016</td><td>2 years 4 months</td></tr>
<tr><td>5.</td><td>Dato' Kalsom Binti Abd. Rahman</td><td>2 April 2018</td><td>1 year 1 month</td></tr>
<tr><td>6.</td><td>Adibah Khairiah Binti Ismail @ Daud</td><td>8 April 2019</td><td>1 month</td></tr>
</table>

At the forthcoming Annual General Meeting ("AGM") to be held on 4 October 2019, the Company will be seeking shareholders' approval to retain Dato' Syed Ariff Fadzillah Bin Awalluddin ("DSA"), Dato' Abdul Manap Bin Abd Wahab ("DAM") and Loh Chen Peng ("LCP"), to continue to act as Independent Non-Executive Director of the Company when their tenure exceeds a cumulative term of nine (9) years after 27 July 2020.

The board is of the view that DSA, DAM and LCP remain independent in character and judgment and will be able to function as check and balance, provide a broader view and bringing element of objectivity to the Board.</td></tr>
<tr><td>Explanation for departure :</td><td></td></tr>
<tr><td></td><td></td></tr>
</table>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of boardroom diversity and values the benefits that diversity can bring to its board of directors. The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director is based on an effective blend of competencies, skills, extensive experience and knowledge so as to strengthen the Board. The Nomination Committee ("NC") was tasked with the responsibility for identifying, assessing and recommending the right candidates to the Board as well as reviewing and assessing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the following selection criteria:- (a) Specific knowledge, skills and relevant working experience (capability); (b) Training and qualifications (competence); (c) Time commitment of the candidate; (d) Independence and any conflicts of interest; (e) External directorship of the candidate; (f) Probity, integrity and reputation; and (g) Other considerations include age, ethnicity and gender. The selection criteria for the recruitment process and annual assessment of Directors are contained in the Terms of Reference of the Nomination Committee which is available on the Company's website at www.bauto.com.my. When identifying suitable candidates for appointment or assessing Board composition, the NC will consider candidates on merit against objective criteria and with due regard on the benefits of diversity on the Board and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience of the Board members. The Board has in place a Board Diversity Policy and it is available on the Company's website at www.bauto.com.my.

	The appointment of Senior Management will be delegated to the Company's Head of Human Resource and they will focus on the working experience, skills, competencies, integrity and commitment in the assessment of any potential candidate for recruitment as Senior Management personnel before recommending them to the Chief Executive Officer of the Company for consideration, approval and recruitment.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces gender diversity in the boardroom. Currently, the Board has two (2) female directors namely Dato' Kalsom Binti Abd Rahman and Adibah Khairiah Binti Ismail @ Daud, who represent about 25% of the Board composition.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Nomination Committee will constantly source for suitable and qualified female Directors with the aim of achieving a representation of at least 30% women on the Board, to be in line with the MCCG.	
Timeframe	:	Within 3 to 5 years	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	
Explanation for departure	:	The Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits. The Board and Nomination Committee are guided by the following process and procedures for the appointment of a new director:- 1. The candidate is identified upon the recommendation by the existing Directors, Senior Management, major shareholders and/or other independent source such as external consultants; 2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence; 3. Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and 4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	As and when required

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	The Terms of Reference of Nomination Committee ("NC") has stipulated that the Committee shall have at least three (3) members, all of whom shall be non-executive directors with the majority being independent directors. The Chairman of the Committee shall be an independent director or a senior independent director. The NC members currently comprises exclusively of Independent Non-Executive Directors, namely Dato' Syed Ariff Fadzillah Bin Syed Awalluddin, Dato' Abdul Manap Bin Abd Wahab, Loh Chen Peng and Adibah Khairiah Binti Ismail @ Daud. The Chairman of the NC is Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and he has also been designated as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed. The roles and responsibilities of the Senior Independent Director are set out in the Board Charter, which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Departure
Explanation on application of the practice	:	The Nomination Committee is entrusted by the Board to annually review the effectiveness of the Board and Board Committees as well as the performance of individual directors. The annual evaluation which is internally facilitated, involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and areas where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Securities. The evaluation process also involves a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors. The outcome of the assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented. During the financial year ended 30 April 2019, the Nomination Committee carried out the following activities:- • reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board; • reviewed and assessed the performance of each individual Director; independence of the Independent Directors; effectiveness of the Board and the Board Committees; • recommend Directors who are retiring and being eligible for re-election and/or re-appointment; • reviewed the performance of the Audit Committee and its members; and • recommended to the Board, the appointment of Adibah Khairiah Binti Ismail @ Daud as an Independent Non-Executive Director of the Company. Based on the results of the evaluation for the financial year ended 30 April 2019, the Board was satisfied with the performance of the Board as a whole, the individual Directors and the Board Committees for the said financial year.

Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board took cognizance of Practice 5.1 of the MCCG and will at the appropriate time, engage independent experts to facilitate the annual board evaluations within the next 3 to 5 years.	
Timeframe	:	Within the next 3 to 5 years	

Intended Outcome
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1
The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has formalized a Remuneration Policy that supports the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Company's objective in this respect is to offer a remuneration package that is competitive to attract, develop and retain talented individuals to serve as Directors and key senior management. The Remuneration Committee is entrusted by the Board to review and recommend matters relating to the remuneration of Directors and key senior management. The remuneration package for the Executive Chairman and CEO depends on the performance of the Company during the financial year and includes amongst other, the performance in terms of revenue and pre-tax profit. The Executive Chairman receives a contractual incentive of 8% of pre-tax profit of the Group subject to a cap of RM2.0 million a year, as determined by the Board of Directors and the Remuneration Committee. The Executive Chairman and the CEO concerned shall not participate in the decision of his own remuneration. However, in event where the presence of the Executive Chairman and the CEO is required, the Chairman of the Remuneration Committee may invite the Executive Chairman and the CEO to attend to such meeting. The remuneration packages of Non-Executive Directors who serve on the Board and Board Committees is reviewed by the Remuneration Committee annually and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board will then recommend the payment of the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at each Annual General Meeting of the Company in accordance with Section 230 (1) of the Companies Act 2016.

	The remuneration package of senior management is reviewed annually during Company's annual performance review to reflect the level of responsibilities, and contributions made in order to retain high performing and talented individuals. The Remuneration Policy of the Company is available on the Company's website at www.bauto.com.my.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has in place a Remuneration Committee ("RC") which comprises four (4) members namely Dato' Abdul Manap Bin Abd Wahab, Mr Loh Chen Peng, Datuk Syed Hisham Bin Syed Wazir and Dato' Kalsom Binti Abd. Rahman. All of them are Independent Non-Executive Directors of the Company. The primary function of the RC is to set up policy framework, including the fee structure and level of remuneration for Directors and key senior management. The RC of the Company held a meeting on 12 December 2018 and reviewed and recommended the proposed revision of the salary of the Executive Directors of its wholly-owned subsidiary, namely Bermaz Motor Sdn Bhd. The RC also had another meeting on 12 June 2019 and carried out the following activities:- (a) Reviewed and recommended the payment of Directors' fees for the financial year ended 30 April 2019; and (b) Reviewed and recommended the payment of Directors' remuneration (excluding Directors' fees) for the period from 5 October 2019 until the next Annual General Meeting of the Company to be held in 2020. The Board had adopted a Remuneration Policy to support the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and key senior management who will manage and drive the Company's success. The duties and responsibilities of the RC are governed by its Terms of Reference, which is available on the Company's website at www.bauto.com.my.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1
There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The details of the Directors' Remuneration on named basis for the remuneration of each Director paid by the Company and its wholly owned subsidiary, namely Bermaz Motor Sdn Bhd during the financial year ended 30 April 2019 are disclosed in the Corporate Governance Overview Statement in the Company's 2019 Annual Report. The remuneration breakdown of individual Directors includes fees, salary, bonus, benefits in-kind and other emoluments.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Disclosure on the remuneration of top five (5) Key Senior Management in the bands of RM50,000 is provided in the Corporate Governance Overview Statement in the Company's 2019 Annual Report. The Board is of the view that the disclosure of Senior Management's remuneration on a named basis with various components will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and may lead to the performing Senior Management staff being lured away by the competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance. Currently, the remuneration package of Senior Management is reviewed annually during the Company's annual performance review and measured against the targets set for the year. The Board will ensure that the remuneration for the Senior Management personnel commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board will closely monitor any changes in the market practice and will review its response to Practice 7.2 annually.	
Timeframe	:	Other	

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee ("AC") comprises five (5) members, all of whom are Independent Non-Executive Directors ("INEDs"). The AC Chairman is led by Mr Loh Chen Peng and he is a member of the Malaysian Institute of Certified Public Accountants (MICPA). He is not the Chairman of the Board. The Terms of Reference of the AC has been revised on 12 March 2018 in order to be in line with Practice 8.1 of the MCCG which stipulates that the Chairman of the AC is distinct from the Chairman of the Board. The duties and responsibilities of the Chairman of the AC are set out in the Terms of Reference of the AC, which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee has adopted an External Auditor Policy on 12 March 2018 to reflect the requirements in Practice 8.2 of the MCCG. The External Auditor Policy has encapsulated the requirement for a cooling-off period of at least two (2) years for any former key audit partner and other team members prior to any one of them being considered for appointment as a member of the AC or as a Director. This is to safeguard the independence and objectivity of the appointment of the Audit Committee members. The Board had also adopted a revise Terms of Reference of the Audit Committee to include the additional requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. Currently, none of the Audit Committee member is a former key audit partner of the Company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee ("AC") is responsible to review, assess and monitor the performance, suitability, objectivity and independence of External Auditors on an annual basis. The AC has on 12 March 2018 adopted an External Auditors Policy ("EA Policy") which governed the assessment and monitoring of the External Auditors so that the External Auditors' competence, objectivity, professionalism and independence are maintained in driving its effectiveness. The EA Policy sets out the policies and procedures on appointment and re-appointment of External Auditors, the annual assessment of the External Auditors as well as the declaration of independence by the External Auditors as specified in the By-Laws issued by the Malaysian Institute of Accountants. The Board has delegated to the AC to undertake an annual assessment of the quality of audit which encompassed the performance and quality of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standard and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' caliber, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year. To support the AC's assessment of their independence, the External Auditors had provided the AC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. At the AC meeting held on 13 March 2019, the External Auditors namely, Ernst & Young ("EY") has presented to the AC its 2019 Audit Plan which included EY's confirmation that EY is independent throughout the conduct of the audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The External Auditors also had on 9 August 2019, declared their independence to the AC.

	The AC also reviewed the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement of Risk Management and Internal Control. Based on the outcome of the assessment, the AC will decide on the recommendation of the re-appointment of External Auditors to the Board. The Board will in turn seek the shareholders' approval on the re-appointment of External Auditors for the ensuing year at the forthcoming Annual General Meeting ("AGM"). In addition, the Terms of Reference of the AC also requires the AC to assess the suitability, objectivity and independence of the External Auditors annually.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises the following members all of whom are Independent Non-Executive Directors ("INEDs"):- <u>Chairman/Independent Non-Executive Director</u> Mr Loh Chen Peng <u>Members/Independent Non-Executive Directors</u> Dato' Syed Ariff Fadzillah Bin Syed Awalludin Dato' Abdul Manap Bin Abd Wahab Datuk Syed Hisham Bin Syed Wazir Adibah Khairiah Binti Ismail @ Daud All the INEDs have satisfied the independence test based on the criteria set out in the Main Market Listing Requirements of Bursa Securities.

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	The members of the Audit Committee ("AC") possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference ("TOR") of the AC. The Chairman of the AC is a member of the Malaysian Institute of Certified Public Accountants. Hence, he has fulfilled the requirement under Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities, which stipulates that at least one (1) member of the AC is a member of the Malaysian Institute of Accountants. All the members of the AC are financially literate and are able to understand, analyse and challenge matters under purview of the AC including financial reporting process. The AC members are aware of the need to continuously develop and to broaden their knowledge in the areas of accounting and auditing in order to carry out their roles and duties effectively. Various training has been undertaken by the AC members on an ongoing and timely basis to keep themselves abreast of relevant industry developments. The training attended by the AC members during the financial year ended 30 April 2019 are set out in the Corporate Governance Overview Statement under "Directors' Training" in the Company's 2019 Annual Report. In addition, the AC members were also briefed by the External Auditors, Messrs Ernst & Young on the following key areas at the AC meeting held during the financial year: (i) Financial Reporting Developments inclusive of the amendment of Malaysian Financial Reporting Standards ("MFRS") and new MFRS; For the financial year ended 30 April 2019, the Board through the Nomination Committee had reviewed the effectiveness of the AC via an evaluation questionnaire. The Board is satisfied with the

	AC's performance and that the necessary skills, experience, knowledge and other relevant field of expertise of the AC members had contributed to the overall effectiveness of the AC. The detailed report on the activities of the AC for the financial year ended 30 April 2019 is set out in the Company's 2019 Annual Report.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledges its responsibility in maintaining a sound system of risk management and internal controls to safeguard shareholders' investments and the Group assets and for reviewing the adequacy and integrity of the Group's risk management and internal control system. The Board has delegated and entrusted the Risk Management Committee ("RMC") of the Company which comprises a majority of Independent Directors, with the overall responsibility to oversee the risk management framework of the Group, reviews the risk management policies formulated by the Management and makes relevant recommendations to the Board for approval. This enables the Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an on-going basis, including remedial measures to be taken to address the risks. The Group continues to maintain and review its risk management and internal control procedures to ensure, as far as is possible, the protection of its assets and its shareholders' investments. The implementation of these control systems was taken by the Management who regularly report on risks identified and action steps taken to mitigate and/or minimise the risks. The oversight of this critical area is carried out by the Audit Committee ("AC") and RMC. The AC comprises of Board members only whilst the RMC comprises of a majority of Board Members with the Head of Corporate Planning as its Secretary. The RMC has adopted an Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated approach entity-wide. It outlines the ERM methodology focussing on risk ownership and continuous monitoring of key risks identified. The RMC is supported by the Sustainability Working Committee ("SWC") which maintains the risk and sustainability oversight within the Group at the management level, as outlined in the ERM framework. At the Board level, the RMC assumes the oversight and strategic role of ERM. The Board assists these Committees in discharging its risk management responsibilities.

	The SWC facilitates the risk and sustainability assessment process by providing independent enquiry on risk / sustainability identification and risk / sustainability ratings determination by the respective process owners (line managers) based on the risk / sustainability appetite set by the Board. Heads of Department are responsible for identifying, analysing and evaluating risks / sustainability issues, as well as developing, implementing and monitoring risk / sustainability action plans and reporting key risks / sustainable issues to the RMC. The key elements of the risk management and internal control structure are as follows:- (a) An organisational structure in the Group with formally defined lines of responsibility and delegation of authority; (b) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment; (c) Active participation and involvement by the Executive Chairman (cum RMC member), Chief Executive Officer ("CEO") (cum RMC member) and Chief Financial Officer in the daily running of the business and regular discussions with the respective Heads of Department on operational issues; and (d) Monthly financial reporting to the Executive Chairman and CEO.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The features of the risk management and internal control framework of the Group and its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control as contained in the Company's 2019 Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has established a Risk Management Committee comprising the following members, a majority of whom are Independent Non-Executive Directors, to oversee the risk management framework of the Group, reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval:- 1) Loh Chen Peng (Chairman/Independent Non-Executive Director) 2) Dato' Syed Ariff Fadzillah Bin Syed Awalludin (Member/Independent Non-Executive Director) 3) Dato' Abdul Manap Bin Abd Wahab (Member/Independent Non-Executive Director) 4) Datuk Syed Hisham Bin Syed Wazir (Member/Independent Non-Executive Director) 5) Dato' Sri Yeoh Choon San (Member/Executive Chairman) 6) Dato' Lee Kok Chuan (Member/CEO)

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1
The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	For the financial year ended 30 April 2019, the internal audit function is outsourced to the Group Internal Audit Division ("IAD") of Berjaya Corporation Berhad, which reports directly to the Audit Committee and carries out their internal audit based on the plan approved by Audit Committee. The internal audit function of the Company is effective and remains independent all the time. The internal audit function is set out in the Statement of Risk Management and Internal Control and Audit Committee Report. The principal activity of the IAD is to conduct regular and systematic review of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. Their role is to provide the Audit Committee ("AC") with independent and objective reports on the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group and the extent of compliance with the Group's established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other external enforced compliance requirements. Observations from internal audits are presented to the AC together with management's responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audits with implementation status reported to the AC. The summary of activities undertaken by IAD during the financial year ended 30 April 2019 is set out in the Audit Committee Report. The Company has appointed Messrs PKF Advisory Sdn Bhd as an Independent Internal Auditor to perform the internal audit function with effect from the financial year ending 30 April 2020.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		

Measure	:		
Timeframe	:		

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2
The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	The internal audit function of the Company is outsourced to the Group Internal Audit Division ("IAD") of Berjaya Corporation Berhad and their internal audit personnel is free from any relationship or conflict of interest, which could impair their objectivity and independence. The independence of the internal audit function is evidenced from its direct reporting to the Audit Committee. As at 30 April 2019, the IAD of Berjaya Corporation Berhad consists of nineteen (19) internal audit personnel with relevant qualifications and experience and is headed by Mr Wong Mo Der, the General Manager of IAD. Mr Wong Mo Der has a professional qualification in the Association of Chartered Certified Accountants (ACCA) and is a member of Malaysia Institute of Accountants, C.A(M) The internal audit function is guided by the Internal Audit Charter. The Charter sets out the objectives, authority, independence, scope and responsibility of the internal audit function, which are consistent with the International Standards for the Professional Practice of Internal Auditing and Code of Ethics.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Company recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally. The various channels of communications with stakeholders are through the following: - (i) the quarterly announcements on financial results and other periodical or relevant announcement to Bursa Securities; (ii) circulars and annual report; (iii) general meetings of shareholders; (iv) meetings with investors, analysts and fund managers and briefing where appropriate; and (v) the Company's website at www.bauto.com.my where shareholders can access corporate information such as Board Charter, Terms of References of the Board Committees, Board Policies, press releases, financial information, Company announcements and others. The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decision.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has yet to adopt integrated reporting for 2019 Annual Report. The Management of the Company will look into adopting integrated reporting in the near future.	
		At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions. The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as Management's Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Company would review the need to adopt the integrated reporting based on a globally recognised framework at the appropriate time.	
Timeframe	:	Within 3 to 5 years	

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	The Company despatches its notice of meeting at least twenty-eight (28) days before the Annual General Meeting ("AGM") together with a copy of the Annual Report to the shareholders of the Company and accompanied with the Administrative Details at AGM. In 2018, the notice of Eighth AGM was despatched to the shareholders on 21 August 2018 for the AGM held on 3 October 2018. The notice period is more than 28 days' notice to the shareholders. The additional time given to the shareholders will enable them to have sufficient time to consider the resolution that will be discussed at the AGM as well as to make the necessary arrangement to attend and participate personally at the AGM or through a proxy or a corporate representative. The Administrative Details is to provide information regarding attendance and the conduct of the meeting. Each item of the special business included in the Notice of AGM is accompanied by a brief explanatory statement on the proposed resolution to facilitate a better understanding and evaluation of issues involved and allows shareholders to make an informed decision in exercising their voting rights at AGM.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All the Directors of the Company have attended the last Annual General Meeting ("AGM"). The Chairman of the Audit Committee, Nomination Committee, Risk Management Committee, Remuneration Committee and Employees' Share Option Committee together with the Senior Management have also attended the AGM, interacted with shareholders and provided meaningful response to shareholders' queries during the AGM.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company has adopted poll voting via electronic voting (e-voting) during the last AGM held on 3 October 2018. The Annual General Meeting of the Company have been held at Bukit Jalil Golf and Country Resort in Kuala Lumpur, a strategic and familiar location with easy accessibility and where most shareholders will be able to attend. However, the Company will explore the use of technology to facilitate the voting in absentia and/or remote shareholders' participation at general meetings where required, taking into consideration the number of shareholders, the accuracy and stability of such technologies, applicable laws and regulations and resources required vis-à-vis the benefits.
		The notice of Annual General Meeting ("AGM") and Proxy Form has been despatched to all the shareholders with a notice period of more than 28 days. This is sufficient time for them to decide on whether to attend, participate, speak and vote the meeting personally or to submit the proxy form if the members are unable to attend the meeting personally. Shareholders may appoint any person (s) as their proxy or corporate representative(s) to attend, participate, speak and vote in his stead at a general meeting.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	Recommendation of Practice 12.3 of the MCCG to leverage on technology is a new concept introduced and the Company would need time to study the availability of such software and hardware as well as writing the programmes to facilitate such mode of voting
Timeframe	:	Within 3 to 5 years

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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