

# **Bermaz Auto Berhad**

Company No: 900557-M

Date: 13 September 2018

Subject: **UNAUDITED QUARTERLY (Q1) INTERIM FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JULY 2018**

	Page
Table of contents	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Unaudited Interim Financial Report	5 - 9
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR")	10 - 13

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended	
	31/07/2018	31/07/2017
	RM'000	RM'000
GROUP REVENUE	485,396	391,228
PROFIT FROM OPERATIONS	61,253	32,245
Investment related income	1,382	616
Finance costs	(300)	(1,790)
Share of results of associates	4,909	652
PROFIT BEFORE TAX	67,244	31,723
INCOME TAX EXPENSE	(15,651)	(8,565)
PROFIT AFTER TAX	51,593	23,158
OTHER COMPREHENSIVE ITEMS		
<u>Item that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation	1,137	(2,808)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	52,730	20,350
PROFIT ATTRIBUTABLE TO:		
- Equity holders of the Company	50,278	20,207
- Non-controlling interests	1,315	2,951
	51,593	23,158
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the Company	50,975	18,511
- Non-controlling interests	1,755	1,839
	52,730	20,350
EARNINGS PER SHARE (SEN)		
-Basic, for the period	4.33	1.75
-Diluted, for the period	4.33	1.74

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

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/07/2018 RM'000	Group As at 30/04/2018 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	19,156	19,805
Other investment	693	685
Associated companies	138,557	133,648
Deferred tax assets	42,012	42,180
Goodwill	500	500
	<u>200,918</u>	<u>196,818</u>
<b>Current Assets</b>		
Inventories	190,848	247,382
Trade and other receivables	101,026	100,434
Tax recoverable	-	336
Derivative asset	32	-
Deposits with financial institutions	235,977	154,419
Cash and bank balances	109,430	152,350
	<u>637,313</u>	<u>654,921</u>
<b>TOTAL ASSETS</b>	<u>838,231</u>	<u>851,739</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	603,649	602,957
Reserves	(128,921)	(121,601)
	<u>474,728</u>	<u>481,356</u>
Treasury shares	-	(4,593)
	<u>474,728</u>	<u>476,763</u>
Non-controlling interests	42,061	47,741
<b>Total Equity</b>	<u>516,789</u>	<u>524,504</u>
<b>Non-current Liabilities</b>		
Deferred revenue	52,877	48,294
Provisions	19,006	16,845
	<u>71,883</u>	<u>65,139</u>
<b>Current Liabilities</b>		
Short term borrowings	-	46,065
Trade and other payables	165,163	140,243
Provisions	26,621	28,151
Deferred revenue	43,602	45,029
Derivative liability	-	292
Taxation	14,173	2,316
	<u>249,559</u>	<u>262,096</u>
<b>Total Liabilities</b>	<u>321,442</u>	<u>327,235</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>838,231</u>	<u>851,739</u>
Basic net assets per share (sen)	40.85	41.13
Dilutive net assets per share (sen)	41.42	41.71

Note:

The net assets per share is calculated based on the following :

Basic : Total equity less non-controlling interests divided by the number of outstanding shares in issue with voting rights.

Dilutive : Total equity less non-controlling interests divided by the number of outstanding shares in issue with voting rights and the potential issue of new shares pursuant to the exercise of the Company's outstanding unexercised options granted under the Company's Employees' Share Option Scheme ("ESOS").

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

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**Attributable to the equity holders of the Company**

	Non-distributable					Distributable		Total	Non-controlling interests	Total equity
	Share capital	ESOS* reserve	Exchange reserve	Consolidation reserve	Merger deficit	Retained earnings	Treasury shares			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2018	602,957	3,441	(8,273)	32,981	(424,000)	274,250	(4,593)	476,763	47,741	524,504
Adjustment on adoption of MFRS 9 (net of tax)	-	-	-	-	-	(607)	-	(607)	-	(607)
Total comprehensive income	-	-	697	-	-	50,278	-	50,975	1,755	52,730
<b>Transactions with owners:</b>										
ESOS options exercised	692	(318)	-	-	-	-	-	374	-	374
Sale of treasury shares	-	-	-	-	-	725	4,593	5,318	-	5,318
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(7,435)	(7,435)
Interim dividends#	-	-	-	-	-	(58,095)	-	(58,095)	-	(58,095)
	692	(318)	-	-	-	(57,370)	4,593	(52,403)	(7,435)	(59,838)
At 31 July 2018	603,649	3,123	(7,576)	32,981	(424,000)	266,551	-	474,728	42,061	516,789

**Attributable to the equity holders of the Company**

	Non-distributable					Distributable		Total	Non-controlling interests	Total equity
	Share capital	ESOS* reserve	Exchange reserve	Consolidation reserve	Merger deficit	Retained earnings	Treasury shares			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	(1,696)	-	-	20,207	-	18,511	1,839	20,350
<b>Transactions with owners:</b>										
Share-based payment under ESOS	-	378	-	-	-	-	-	378	-	378
ESOS options exercised	447	(241)	-	-	-	-	-	206	-	206
Interim dividends+	-	-	-	-	-	(36,298)	-	(36,298)	-	(36,298)
	447	137	-	-	-	(36,298)	-	(35,714)	-	(35,714)
At 31 July 2017	595,194	7,244	2,003	32,981	(424,000)	216,964	(4,173)	426,213	50,820	477,033

**Notes:**

\* ESOS - Employees' Share Option Scheme.

# Refer to Note A6.

+ Fourth interim dividend of 3.15 sen single-tier dividend per share in respect of financial year ended 30 April 2017.

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

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2018	31/07/2017
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	486,342	367,025
Payment to suppliers and operating expenses	(342,043)	(416,402)
Payment of taxes	(2,982)	(4,061)
Net cash flow generated from/(used in) operating activities	<u>141,317</u>	<u>(53,438)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	290	709
Acquisition of property, plant and equipment	(690)	(2,058)
Interest received	1,220	595
Net cash flow generated from/(used in) investing activities	<u>820</u>	<u>(754)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	374	206
Sale of treasury shares	5,318	-
Dividends paid to non-controlling interests	(7,435)	-
Net movement in short term borrowings	(46,065)	45,280
Interest paid	(292)	(1,755)
Dividends paid	(58,095)	(36,298)
Net cash flow (used in)/generated from financing activities	<u>(106,195)</u>	<u>7,433</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>35,942</u>	<u>(46,759)</u>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<u>306,769</u>	<u>244,770</u>
Effect of exchange rate changes	2,696	(4,564)
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u><u>345,407</u></u>	<u><u>193,447</u></u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	235,977	51,431
Cash and bank balances	109,430	142,016
	<u><u>345,407</u></u>	<u><u>193,447</u></u>

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

**BERMAZ AUTO BERHAD**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Accounting Standards Board ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2018. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2018.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 April 2018 except the adoption of the new or revised standards, IC Interpretation and amendments to standards.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 May 2018.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption except for the following:

**MFRS 9: Financial Instruments**

MFRS 9 introduces new requirements for classification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The adoption of MFRS 9 did not have any significant effects on the interim financial report upon their initial application, except for the effect of applying the impairment assessment based on the expected credit loss model on trade receivables.

**i. Classification and measurements**

The Group does not have any significant impact on its statement of financial position or changes in equity on applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, cash and bank balances, deposits with financial institutions and trade and other receivables that were classified as loans and receivables under MFRS139 are now classified at amortised cost.

**ii. Impairment**

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 impact of the application of the expected credit losses model is indicated in the summary of MFRS 9 adoption impact.

The Group has applied MFRS 9 retrospectively on the initial application date of 1 May 2018 and has elected not to restate comparatives.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

## NOTES TO THE INTERIM FINANCIAL REPORT

In summary, the impact of MFRS 9 adoption is as follows:

**Consolidated Statement of Changes in Equity**

	<b>Impact of adopting MFRS 9 on opening balance 1 May 2018 RM'000</b>
<b><u>Retained earnings</u></b>	
Recognition of expected credit losses under MFRS 9	(799)
Impact on deferred tax	192
Impact at 1 May 2018	<u>(607)</u>

**Consolidated Statement of Financial Position**

	<b>Impact of adopting MFRS 9 on opening balance 1 May 2018 RM'000</b>
<b>Assets</b>	
Trade and other receivables	(799)
Deferred tax asset	192
<b>Equity</b>	
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 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 2018 has not been restated.

The Group has assessed the effects of applying the new standard on the financial statements and have identified the following areas that were affected on the Group's interim statement of profit or loss for the three months then ended for line items affected and its interim statement of financial position as at 31 July 2018.

**Impact on the condensed interim consolidated statement of profit or loss and other comprehensive income**

	<b>Prior to adoption of MFRS 15 RM'000</b>	<b>Effect of adoption of MFRS 15 RM'000</b>	<b>After adoption of MFRS 15 RM'000</b>
<b>For period ended 31 July 2018</b>			
Revenue	494,287	(8,891)	485,396
Selling and distribution expenses	(20,158)	8,891	(11,267)

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

## NOTES TO THE INTERIM FINANCIAL REPORT

**Note:**

Under MFRS 15, variable consideration is the consideration that the Group can recognise as revenue when certain future events occur or do not occur. The Group needs to estimate the expected amount of variable consideration, based on historical trends, to be recognised as revenue. The Group deems that the part of the sales value that the Group need to pay to its customers (dealers) if the customers meet certain purchase targets as the variable consideration. The Group did not recognise the variable consideration as revenue as the Group expects the customers to meet such purchase targets, based on past records.

As required under MFRS 15, the Group has disclosed the disaggregation of revenue in Note A7.

- A2 The Group's operations are affected by the prevailing cyclical economic conditions and product life cycle of the car models. The Malaysia operations are affected by major festive seasons such as Chinese New Year and Hari Raya. These festive celebrations will normally have a positive impact to the Group's operations.
- A3 There were no unusual items during the financial period under review.
- A4 As at 31 July 2018, the issued and paid up ordinary share capital of the Company was RM603,648,755. The movements during the financial period were as follows:-

	<b>Number of ordinary shares</b>	<b>RM</b>
<b><u>Issued and paid up share capital</u></b>		
As at 1 May 2018	1,161,499,388	602,957,215
ESOS exercised:		
ESOS (1st batch)	475,000	510,646
ESOS (2nd batch)	62,500	180,894
	537,500	691,540
As at 31 July 2018	<u>1,162,036,888</u>	<u>603,648,755</u>

**ESOS**

As at 31 July 2018,

- (a) the total number of unexercised ESOS (1st batch) was 844,200 shares, at the exercise price of RM0.50 each.
- (b) the total number of unexercised ESOS (2nd batch) was 3,691,300 shares, at the exercise price of RM2.18 each.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

## NOTES TO THE INTERIM FINANCIAL REPORT

A5 There was no share buyback during the financial period ended 31 July 2018.

During the financial period ended 31 July 2018, the Company had sold the entire 2,235,000 treasury shares, details of which are as follows:-

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares disposed on 13 June 2018	2.39	2,235,000	5,318

As at 31 July 2018, the number of outstanding shares in issue and fully paid up with voting rights (rounded to nearest thousand) was 1,162,037,000 (31 July 2017: 1,152,467,000) ordinary shares.

A6 During the financial period ended 31 July 2018, the Company paid a fourth interim dividend of 2.30 sen single-tier dividend per share and a special dividend of 2.70 sen single-tier dividend per share amounting to a total of RM58.095 million in respect of the financial year ended 30 April 2018 on 26 July 2018.

A7 Segment information for the financial period ended 31 July 2018:-

<b>REVENUE</b>	Consolidated RM'000
Malaysia	406,246
Philippines	79,150
Total revenue	<u>485,396</u>

<b>RESULTS</b>	RM'000
Malaysia	56,730
Philippines	4,639
	<u>61,369</u>
Unallocated corporate items	(116)
Profit from operations	<u>61,253</u>
Investment related income	
- Interest income	1,382
Finance costs	(300)
Share of results of associates	4,909
Profit before tax	<u>67,244</u>
Income tax expense	<u>(15,651)</u>
Profit after tax	<u>51,593</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

NOTES TO THE INTERIM FINANCIAL REPORT

**DISAGGREGATION OF REVENUE**

	<b>3 months ended</b>	
	<b>31/07/2018</b>	<b>31/07/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of motor vehicles	445,536	354,811
Sale of spare parts	29,696	25,487
Maintenance and fitting of motor vehicle accessories services	10,164	10,930
Group revenue	<u>485,396</u>	<u>391,228</u>
Timing of revenue recognition:		
- at a point in time	478,808	385,565
- over time	6,588	5,663
	<u>485,396</u>	<u>391,228</u>

A8 There were no significant events since the end of this current quarter up to the date of this announcement, other than:-

On 20 August 2018, the Company announced the proposal to establish and implement an employees' share scheme for the Directors and eligible employees of the Company and all its subsidiaries which are not dormant.

On 21 August 2018, the Company announced that a listing application for the listing and quotation of up to 3% of the total number of issued shares of the Company to be issued pursuant to the Proposed ESS has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

On 30 August 2018, the Company announced that Bursa Securities had, vide its letter dated 30 August 2018, approved the listing of such number of additional new ordinary shares, representing up to 3% of the total number of issued ordinary shares of the Company (excluding treasury shares), to be issued pursuant to the Proposed ESS.

A9 There were no changes in the composition of the Group for the current period ended 31 July 2018 including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operation.

A10 There were no material changes in the contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2018.

A11 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2018.

A12 There were no audit qualifications in the annual financial statements for the year ended 30 April 2018.

A13 There were no material changes in estimates reported in the prior financial year that had a material effect in the current quarter ended 31 July 2018.

## **BERMAZ AUTO BERHAD**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B1 The Group is primarily engaged in the distribution of Mazda vehicles in Malaysia and the Philippines, and retailing of Mazda vehicles and provision of after sales services for Mazda vehicles in Malaysia. The performance of the Group may be affected by regulations and policies governing the importation of completely built-up ("CBU") vehicles and completely knocked-down ("CKD") parts into Malaysia, foreign exchange fluctuations, changes in consumer preferences and spending trend, unfavourable economic, social and political conditions in countries where the Group operates or obtains its supplies of vehicles and global market and credit market volatility.

### Current quarter vs preceding year same quarter

For the quarter ended 31 July 2018, the Group reported a revenue and pre-tax profit of RM485.4 million and RM67.2 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM391.2 million and RM31.7 million respectively.

The significant increase in Group revenue of RM94.2 million or 24.1% was mainly due to improvement in sales volume from the domestic operations as the change in Goods and Services Tax ("GST") from the standard rate of 6% to 0% in June this year has boosted customer demand, especially for the new CX-5 model. This was partly offset by a drop in sales volume from the Philippines operations subsequent to the implementation of the Tax Reform for Acceleration and Inclusion ("TRAIN") law in January this year. The TRAIN law has caused an increase in excise tax and consequently car prices also increased, thus affecting the demand for motor vehicles in the Philippines.

The Group's pre-tax profit also increased substantially by RM35.5 million or 112.0% largely due to higher revenue and improvement in gross profit margin from the domestic operations, and higher share of profit contribution from its associate company, Mazda Malaysia Sdn Bhd ("MMSB"). The improvement in gross profit margin was mainly due to favourable sales mix and a stronger Malaysian Ringgit against Japanese Yen, while the higher share of profit contribution from MMSB was mainly due to increase in production volume for the new CX-5 model to cater for both the domestic and export markets. However, this was partly offset by a lower profit contribution from the Philippines operations, in line with the drop in sales volume mainly on Mazda2 and Mazda3 models, and higher cost of sales due to weakening of the Philippine Peso.

### B2 Current quarter vs preceding quarter

For the quarter ended 31 July 2018, the Group reported lower revenue of RM485.4 million and lower pre-tax profit of RM67.2 million, as compared to the Group revenue of RM570.6 million and Group pre-tax profit of RM73.7 million for the preceding quarter.

The drop in Group revenue of RM85.2 million or 14.9% was mainly due to lower sales volume from both the domestic and the Philippines operations. Although domestic demand for the new CX-5 model was very strong for the quarter under review but its sales volume was down against preceding quarter because of supply constraint from MMSB. The Group did not anticipate the Government to revise the GST from the standard rate of 6% to 0% in June this year which caused the surge in demand for passenger cars and thus affected the production plan of MMSB which required time to step up its production volume.

Group pre-tax profit for the current quarter under review dropped by RM6.4 million or 8.7% primarily due to lower share of profit contribution from MMSB as a result of lower production volume on the new CX-5 model.

## **BERMAZ AUTO BERHAD**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

### **B3 Future prospects**

Bank Negara Malaysia has revised its forecast for Malaysia's 2018 Gross Domestic Product ("GDP") from 5.5% - 6.0% to 5.0%. The economy is expected to remain on a steady growth supported by private sector, despite the recent announcement of slower GDP for the second quarter 2018 at 4.5% due to supply disruptions.

The automotive industry has recently benefitted from the change in GST standard rate from 6% to 0% effective 1 June 2018 where consumers buying sentiment has been boosted and sales volume accelerated. Nevertheless, the surge in the demand from June to August 2018 will be equalised in the long term as sales volume is expected to take a dip after the implementation of the Sales and Service Tax ("SST") on 1 September 2018. The automotive segment market trading conditions is expected to remain challenging with competitive trading environment, weakening of the Ringgit Malaysia and cautious consumer sentiment as a result of uncertainties in the local and global economy.

Total Industry Volume ("TIV") for passenger cars in Malaysia for the 7 months of calendar year 2018 was 7.7% higher year-on-year. Mazda's sales volume has also improved with a growth of 43% compared to the same period last year. Despite higher TIV for the 7 months of calendar year 2018, Malaysian Automotive Association ("MAA") has revised its original 2018 forecast from 590,000 units to 585,000 units taking into consideration the Malaysia's economy, improved consumer sentiments after the announcement of the zero GST rate and introduction of fuel subsidies by the Pakatan Harapan Government post GE-14, impact of the re-introduction of SST and heightened trade tension between the USA and China which could affect sentiments on trade, investment and consumptions.

With the implementation of SST on 1 September 2018, the Group is absorbing the SST for customers who have placed their bookings for Mazda cars prior to 1 September 2018, for which the delivery of the cars will take place after the said date. This is to build customer loyalty and is expected to increase costs and reduce the Group's profitability in the coming quarter. The impact may be mitigated, however, through lower sales volatility after August this year with potentially higher sales volume, reduced marketing and advertising expenses as well as dealer incentives.

In the Philippines, although the economy is forecasted to remain vibrant with expected GDP growth of 6.7% for 2018 and 6.8% for 2019, the implementation of the TRAIN law effective January 2018 has resulted in the contraction of demand for most, if not all, auto brands and the Group's Philippines operations is not spared. Bermaz Auto Philippines ("BAP") seeks to preserve its sales volume through the growth in the number of dealerships from 18 at the beginning of the financial year 2018 to 21 dealerships expected at the end of the financial year 2019, as well as new model introductions which are expected to contribute to a reasonable growth rate.

**B4** There were no profit forecast or profit guarantee for the financial period ended 31 July 2018.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter/period ended 31 July 2018 are detailed as follows:

	Current Quarter RM'000
Based on the results for the current quarter/period:-	
Current period provision	
- In Malaysia	14,434
- Outside Malaysia	741
Deferred tax	476
	<u>15,651</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 2018 was mainly due to certain expenses or losses being disallowed for tax purposes, inclusion of the share of results of associates which is presented net of tax and different foreign tax rate.

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

	Current Quarter RM'000
Interest income	(1,382)
Dividend income	-
Other income excluding dividend and interest income	-
Gain on disposal of property, plant and equipment	(40)
Depreciation of property, plant and equipment	1,131
Amortisation of intangible assets	-
Impairment loss on receivables	57
Impairment in value of AFS quoted investments	-
Provision for and write off of inventories	543
Foreign exchange gain (net)	(310)
(Gain) or loss on derivatives (net)	<u>(324)</u>

B7 BAP, an indirect subsidiary of BAuto, has deferred its proposed listing on the Main Board of the Philippine Stock Exchange ("PSE"). Relevant announcement will be made once BAP has re-filed the listing application with the PSE.

B8 The Group does not have any borrowings and debt securities as at 31 July 2018.

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

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B10 The Board has recommended a first interim dividend of 2.50 sen single-tier dividend per share in respect of financial year ending 30 April 2019 to be payable on 26 October 2018. The entitlement date has been fixed on 10 October 2018. The total dividend declared for the financial period ended 31 July 2018 amounted to 2.50 sen single-tier dividend per share (previous financial period ended 31 July 2017: 1.50 sen single-tier dividend per share).

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

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 10 October 2018 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

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

	Group (3-month period)			
	31/07/2018	31/07/2017	31/07/2018	31/07/2017
	RM'000		sen	
Net profit for the quarter	<u>50,278</u>	<u>20,207</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,160,680</u>	<u>1,152,211</u>		
Basic earnings per share			<u>4.33</u>	<u>1.75</u>
Net profit for the quarter	<u>50,278</u>	<u>20,207</u>		
Number of shares used in the calculation of basis earning per share ('000)	1,160,680	1,152,211		
Number of shares assuming exercise of employee share options (1st batch) ('000)	647	6,227		
Number of shares assuming exercise of employee share options (2nd batch) ('000)	-	-		
	<u>1,161,327</u>	<u>1,158,438</u>		
Diluted earnings per share			<u>4.33</u>	<u>1.74</u>

c.c. Securities Commission