

# **Bermaz Auto Berhad**

Company No: 900557-M

Date: 12 June 2019

Subject: **UNAUDITED QUARTERLY (Q4) INTERIM FINANCIAL REPORT FOR  
THE PERIOD ENDED 30 APRIL 2019**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended		Year to date ended	
	30/04/2019	30/04/2018	30/04/2019	30/04/2018
	RM'000	RM'000	RM'000	RM'000
GROUP REVENUE	538,277	570,594	2,492,121	1,992,868
PROFIT FROM OPERATIONS	67,108	59,469	283,952	178,646
Investment related income	2,184	997	8,813	2,657
Finance costs	(64)	(877)	(698)	(5,640)
Share of results of associates	8,380	14,082	50,190	21,404
PROFIT BEFORE TAX	77,608	73,671	342,257	197,067
INCOME TAX EXPENSE	(17,420)	(15,511)	(74,235)	(46,104)
PROFIT AFTER TAX	60,188	58,160	268,022	150,963
OTHER COMPREHENSIVE ITEMS				
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation	1,941	(842)	6,795	(18,794)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	62,129	57,318	274,817	132,169
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	60,057	57,187	265,265	139,975
- Non-controlling interests	131	973	2,757	10,988
	60,188	58,160	268,022	150,963
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	61,227	56,225	269,905	128,003
- Non-controlling interests	902	1,093	4,912	4,166
	62,129	57,318	274,817	132,169
EARNINGS PER SHARE (SEN)				
-Basic, for the period	5.18	4.93	22.86	12.12
-Diluted, for the period	5.15	4.93	22.74	12.11

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 30 APRIL 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 30/04/2019 RM'000	Group As at 30/04/2018 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	31,247	19,805
Other investment	721	685
Associated companies	183,838	133,648
Deferred tax assets	53,232	42,180
Goodwill	500	500
	<u>269,538</u>	<u>196,818</u>
<b>Current Assets</b>		
Inventories	277,910	247,382
Trade and other receivables	92,648	100,434
Tax recoverable	-	336
Derivative asset	138	-
Deposits with financial institutions	221,850	154,419
Cash and bank balances	98,316	152,350
	<u>690,862</u>	<u>654,921</u>
<b>TOTAL ASSETS</b>	<u>960,400</u>	<u>851,739</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	607,879	602,957
Reserves	(35,278)	(121,601)
	<u>572,601</u>	<u>481,356</u>
Treasury shares	(6,486)	(4,593)
	<u>566,115</u>	<u>476,763</u>
Non-controlling interests	45,218	47,741
<b>Total Equity</b>	<u>611,333</u>	<u>524,504</u>
<b>Non-current Liabilities</b>		
Provisions	30,729	16,845
Deferred revenue	70,924	48,294
	<u>101,653</u>	<u>65,139</u>
<b>Current Liabilities</b>		
Short term borrowings	-	46,065
Trade and other payables	160,966	140,243
Provisions	27,949	28,151
Deferred revenue	43,561	45,029
Derivative liability	-	292
Taxation	14,938	2,316
	<u>247,414</u>	<u>262,096</u>
<b>Total Liabilities</b>	<u>349,067</u>	<u>327,235</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>960,400</u>	<u>851,739</u>
Basic net assets per share (sen)	48.81	41.13
Dilutive net assets per share (sen)	49.70	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 Scheme ("ESS").

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 30 APRIL 2019

**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	Employees' share plan reserves *	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	-	-	4,640	-	-	265,265	-	269,905	4,912	274,817
<b>Transactions with owners:</b>										
Share-based payment under ESS	-	2,743	-	-	-	-	-	2,743	-	2,743
ESOS/ESS options exercised	2,279	(978)	-	-	-	-	-	1,301	-	1,301
ESOS/ESS options forfeited	2,643	(2,643)	-	-	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	(6,486)	(6,486)	-	(6,486)
Sale of treasury shares	-	-	-	-	-	725	4,593	5,318	-	5,318
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(7,435)	(7,435)
Interim dividends #	-	-	-	-	-	(182,822)	-	(182,822)	-	(182,822)
	4,922	(878)	-	-	-	(182,097)	(1,893)	(179,946)	(7,435)	(187,381)
At 30 April 2019	607,879	2,563	(3,633)	32,981	(424,000)	356,811	(6,486)	566,115	45,218	611,333

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

	Non-distributable					Distributable		Total	Non-controlling interests	Total equity
	Share capital	Employees' share plan reserves *	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	-	-	(11,972)	-	-	139,975	-	128,003	4,166	132,169
<b>Transactions with owners:</b>										
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)
Interim dividend +	-	-	-	-	-	(36,298)	-	(36,298)	-	(36,298)
Interim dividend ^	-	-	-	-	-	(17,290)	-	(17,290)	-	(17,290)
Interim dividend ~	-	-	-	-	-	(18,531)	-	(18,531)	-	(18,531)
Interim dividend ^^	-	-	-	-	-	(26,661)	-	(26,661)	-	(26,661)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(5,406)	(5,406)
	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

**Notes:**

\* Employees' share plan reserves relate to reserves of Employees' Share Option Scheme ("ESOS") and Employees' Share Scheme ("ESS").

# Refer to Note A6.

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

^ First interim dividend of 1.50 sen single-tier dividend per share in respect of financial year ended 30 April 2018.

~ Second interim dividend of 1.60 sen single-tier dividend per share in respect of financial year ended 30 April 2018.

^^ Third interim dividend of 2.30 sen single-tier dividend per share in respect of financial year ended 30 April 2018.

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 30 APRIL 2019

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	30/04/2019	30/04/2018
	RM'000	RM'000
		(Audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	2,518,037	1,958,090
Payment to suppliers and operating expenses	(2,196,961)	(1,726,351)
Payment of taxes	(71,564)	(49,201)
Tax refund	-	17,673
Net cash flow generated from operating activities	<u>249,512</u>	<u>200,211</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	2,377	1,544
Acquisition of property, plant and equipment	(18,109)	(1,950)
Interest received	8,807	2,650
Net cash flow (used in)/generated from investing activities	<u>(6,925)</u>	<u>2,244</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	1,301	3,782
Purchase of treasury shares	(6,486)	(420)
Sale of treasury shares	5,318	-
Dividends paid to non-controlling interests	(7,435)	(5,406)
Net movement in short term borrowings	(46,065)	(12,815)
Interest paid	(759)	(5,543)
Dividends paid	(182,822)	(98,780)
Net cash flow used in financing activities	<u>(236,948)</u>	<u>(119,182)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	5,639	83,273
<b>OPENING CASH AND CASH EQUIVALENTS</b>	306,769	244,770
Effect of exchange rate changes	7,758	(21,274)
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u><u>320,166</u></u>	<u><u>306,769</u></u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	221,850	154,419
Cash and bank balances	<u>98,316</u>	<u>152,350</u>
	<u><u>320,166</u></u>	<u><u>306,769</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 30 APRIL 2019

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Accounting Standards Board ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting, requirements of the Companies Act 2016 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 MFRS 139 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 30 APRIL 2019

## 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 assets	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 30 April 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 and other comprehensive income for the 12 months then ended.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

NOTES TO THE INTERIM FINANCIAL REPORT

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

<b>For year ended 30 April 2019</b>	<b>Prior to adoption of MFRS 15 RM'000</b>	<b>Effect of adoption MFRS 15 RM'000</b>	<b>After adoption of MFRS 15 RM'000</b>
Revenue	2,530,703	(38,582)	2,492,121
Selling and distribution expenses	(88,048)	38,582	(49,466)

**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 year under review.
- A4 As at 30 April 2019, the issued and paid up ordinary share capital of the Company was RM607,878,528. The movements during the financial year were as follows:-

<b><u>Issued and paid up share capital</u></b>	<b>Number of ordinary shares</b>	<b>RM</b>
As at 1 May 2018	1,161,499,388	602,957,215
ESOS/ESS exercised:		
ESOS (1st batch)	1,319,200	1,418,677
ESOS (2nd batch)	62,500	180,894
ESS	272,800	679,272
	1,654,500	2,278,843 *
Transfer of reserve due to forfeiture of ESOS/ESS:		
ESOS (2nd batch)	-	2,637,094
ESS	-	5,376
	-	2,642,470
As at 30 April 2019	<u>1,163,153,888</u>	<u>607,878,528</u>

**ESS**

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

As at 30 April 2019, the total number of unexercised ESS options (with exercise price of RM1.85 each) was 9,072,200 and the total number of ESS shares that have not been vested was 4,005,000.

\* Comprised of RM1.301 million cash subscription of share capital and RM0.978 million transfer from ESOS/ESS reserves.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

## NOTES TO THE INTERIM FINANCIAL REPORT

A5 The details of the share buyback during the financial year ended 30 April 2019 were as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
October 2018	1.84	2.00	1.90	3,325,600	6,324
November 2018	1.85	1.86	1.86	87,100	162
			1.90	3,412,700	6,486

The number of treasury shares held in hand as at 30 April 2019 was as follows:

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

As at 30 April 2019, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 1,159,741,000 (30 April 2018: 1,159,264,000) ordinary shares.

\* During the financial year ended 30 April 2019, the Company had sold 2,235,000 treasury shares at the net proceeds of about RM5,318,000, realising a gain on disposal of about RM725,000.

A6 During the financial year ended 30 April 2019, the Company paid the following dividends:

- i) 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;
- ii) first interim dividend of 2.50 sen single-tier dividend per share amounting to a total of RM29.057 million in respect of the financial year ended 30 April 2019 on 26 October 2018;
- iii) second interim dividend of 3.75 sen single-tier dividend per share amounting to a total of RM43.483 million in respect of the financial year ended 30 April 2019 on 25 January 2019; and
- iv) third interim dividend of 4.50 sen single-tier dividend per share amounting to a total of RM52.187 million in respect of the financial year ended 30 April 2019 on 25 April 2019.

A7 Segment information for the financial year ended 30 April 2019:-

**REVENUE**

Malaysia  
Philippines  
Total revenue

**Consolidated  
RM'000**

2,166,961  
325,160  
2,492,121

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

## NOTES TO THE INTERIM FINANCIAL REPORT

**RESULTS**

	<b>RM'000</b>
Malaysia	274,913
Philippines	10,423
	<u>285,336</u>
Unallocated corporate items	(1,384)
Profit from operations	<u>283,952</u>
Investment related income	8,813
Finance costs	(698)
Share of results of associates	50,190
Profit before tax	<u>342,257</u>
Income tax expense	(74,235)
Profit after tax	<u><u>268,022</u></u>

**DISAGGREGATION OF REVENUE**

	<b>12 months ended</b>	
	<b>30/04/2019</b>	<b>30/04/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of motor vehicles	2,325,160	1,840,976
Sale of spare parts	123,394	109,531
Maintenance and fitting of motor vehicle accessories services	43,567	42,361
Group revenue	<u>2,492,121</u>	<u>1,992,868</u>
Timing of revenue recognition:		
- at a point in time	2,448,662	1,953,757
- over time	43,459	39,111
	<u>2,492,121</u>	<u>1,992,868</u>

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

A9 Capital expenditure of the Group not provided for as at 30 April 2019 in relation to property, plant and equipment were as follows:

	<b>RM'000</b>
Approved and contracted for	<u>9,482</u>

A10 There were no changes in the composition of the Group for the current year ended 30 April 2019 including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operation.

A11 There were no material changes in the contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 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 year ended 30 April 2019.

## **BERMAZ AUTO BERHAD**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

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 30 April 2019, the Group reported a revenue and pre-tax profit of RM538.3 million and RM77.6 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM570.6 million and RM73.7 million respectively.

The drop in Group revenue of RM32.3 million or 5.7% was mainly due to lower vehicle sales volume recorded from both the domestic and the Philippine operations. During the quarter under review, the sales volume in Malaysia normalised as the Group has fulfilled all back orders received during the tax holiday prior to 1 September 2018. Sales volume from the Philippine operations continues to be affected by the Tax Reform for Acceleration and Inclusion ("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 recording lower revenue and a drop in share of profit contribution from its associate company, Mazda Malaysia Sdn Bhd ("MMSB"), Group pre-tax profit has improved by RM3.9 million or 5.3%. This was largely due to lower operating overheads. The lower share of profit contribution from MMSB was mainly attributed to lower production volume for the CX-5 model as sales is anticipated to normalise over the next few months. The Group also accounted for the expense of the Group's ESS amounting RM1.2 million in the quarter under review.

### For the financial year

For the financial year ended 30 April 2019, the Group registered a significantly higher annual revenue and pre-tax profit of RM2.49 billion and RM342.3 million respectively as compared to the preceding year which reported a revenue and pre-tax profit of RM1.99 billion and RM197.1 million respectively.

The increase in Group revenue of RM499.3 million or 25.1% was due 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 TRAIN law mentioned above.

The Group's pre-tax profit also improved by RM145.2 million or 73.7% largely due to higher revenue and improvement in gross profit margin from the domestic operations, and a significantly higher share of profit contribution from 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 compressed profit margin. The Group also accounted for the expense of the Group's ESS amounting RM2.7 million during the financial year.

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

For the quarter ended 30 April 2019, the Group reported lower revenue of RM538.3 million and pre-tax profit of RM77.6 million as compared to the Group revenue of RM778.1 million and pre-tax profit of RM102.8 million for the preceding quarter.

The drop in Group revenue of RM239.9 million or 30.8% was mainly due to lower sales volume recorded from both the domestic and the Philippine operations. Domestic sales volume has normalised during the quarter as the Group has in the previous quarter ended 31 January 2019, fulfilled all back orders received during the tax holiday period. Sales volume from the Philippine operations was lower mainly due to supply constraint of the Mazda3, pending the launch of the new model in the later part of this year.

The Group pre-tax profit for the current quarter under review has reduced by RM25.2 million or 24.5% mainly due to decrease in the Group's revenue and lower share of profit contribution from MMSB. The lower share of profit contribution from MMSB was mainly attributed to lower production volume for the CX-5 model.

### **B3 Future prospects**

Bank Negara Malaysia ("BNM") retained its GDP growth projections at between 4.3% and 4.8% for the calendar year 2019, in line with its first quarter GDP growth of 4.5% that was driven by private sector spending, capacity expansion in key industries and gradual recovery in the commodities sector.

BNM announcement in early May 2019 on cutting its Overnight Policy Rate (OPR) by 25 basis point to 3%, may mean lower hire purchase interest rate and hence is expected to boost consumer spending which will give positive impact on the Total Industry Volume ("TIV") growth.

For calendar year 2019, Malaysian Automotive Association 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 a more stringent hire purchase guidelines could further affect local consumer sentiment. However, the expected launch of the all new Mazda3, CX-8, CX-30 and the new facelift of the ever popular CX-5 model which includes the 2.5cc Turbo variant in Malaysia in the second half of the calendar year 2019 may mitigate some of these challenges.

In the Philippines, the economy is forecasted to remain vibrant with the recent announcement of the first quarter GDP at 5.6%, slower than 6.3% in the previous quarter, as delays in passing the budget stalled government spending. This has resulted in the interest rate cut by the Philippines Central Bank by 25 basis point to 4.5% for the first time since October 2012.

The new vehicle market continued to be low, largely to be blamed on the implementation of the TRAIN law in January 2018. This has resulted in the contraction of demand for most, if not all, auto brands and the Group's operations in the Philippines is not spared. The total sales volume for the first 4 months of the calendar year declined to 111,187 units from 111,620 units in the previous year corresponding period. Bermaz Auto Philippines Inc. seeks to preserve its sales volume through the growth in the number of dealerships and the launching of the new models during the next financial year.

In view of the foregoing, the Directors anticipate the performance of the Group for the financial year ending 30 April 2020 to remain satisfactory.

### **B4 There were no profit forecast or profit guarantee for the financial year ended 30 April 2019.**

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B5 The taxation charge for the current quarter/year ended 30 April 2019 are detailed as follows:

	<b>Current Quarter RM'000</b>	<b>Financial Year to date RM'000</b>
Based on the results for the current quarter/year:-		
Current period provision		
- In Malaysia	15,712	85,171
- Outside Malaysia	489	2,775
Deferred tax	1,219	(10,264)
Over provision in prior years	-	(3,447)
	<u>17,420</u>	<u>74,235</u>

The disproportionate tax charge of the Group for the current quarter/year ended 30 April 2019 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):

	<b>Current Quarter RM'000</b>	<b>Financial Year to date RM'000</b>
Interest income from financial institutions	(2,184)	(8,635)
Income from unit trusts	-	(179)
Loss on disposal of unit trusts	-	1
Gain on disposal of property, plant and equipment	(162)	(347)
Depreciation of property, plant and equipment	1,226	4,822
Impairment/(Reversal of impairment) loss on receivables	229	(156)
Provision for and write off of inventories	953	1,733
Foreign exchange (gain)/loss (net)	(289)	650
Loss/(Gain) on derivatives (net)	54	(430)
Interest expense on bankers acceptances and trust receipts	52	759
Unwinding/(Reversal of unwinding) discount on provision for restoration costs (net) **	<u>12</u>	<u>(61)</u>

\*\* Reversal of unwinding discount relates to changes in the estimation for provision for restoration costs, based on quotations from contractors.

B7 There were no corporate proposals undertaken or announced but not completed at the date of this quarterly report.

B8 The Group does not have any borrowings and debt securities as at 30 April 2019.

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

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B10 The Board has recommended a fourth interim dividend of 3.5 sen single-tier dividend per share and a special dividend of 7.0 sen single-tier dividend per share in respect of financial year ended 30 April 2019 (previous year corresponding quarter ended 30 April 2018: 2.30 sen single-tier dividend per share and a special dividend of 2.70 sen single-tier dividend per share) to be payable on 25 July 2019. The entitlement date has been fixed on 10 July 2019. The total dividend declared for the financial year ended 30 April 2019 amounted to 21.25 sen single-tier dividend per share (previous financial year ended 30 April 2018: 10.40 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 July 2019 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

Based on the number of ordinary shares in issue and with voting rights as at 12 June 2019 of about 1.160 billion, the fourth interim dividend and special dividend distribution on aggregate for the financial year ended 30 April 2019 will amount to RM121.78 million. The total dividend distribution for the financial year ended 30 April 2019 is approximately RM246.5 million, representing about 93% of the attributable profit of the Group for the financial year ended 30 April 2019.

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

	<b>Group (3-month period)</b>			
	<b>30/04/2019</b>	<b>30/04/2018</b>	<b>30/04/2019</b>	<b>30/04/2018</b>
	<b>RM'000</b>		<b>sen</b>	
Net profit for the quarter	<u>60,057</u>	<u>57,187</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,159,671</u>	<u>1,158,951</u>		
Basic earnings per share			<u>5.18</u>	<u>4.93</u>
Net profit for the quarter	<u>60,057</u>	<u>57,187</u>		
Number of shares used in the calculation of basic earnings per share ('000)	1,159,671	1,158,951		
Number of shares assuming exercise of ESOS (1st batch) ('000)	-	1,022		
Number of shares assuming exercise of ESOS (2nd batch) ('000)	-	68		
Number of shares assuming exercise of ESS ('000)	<u>6,084</u>	<u>-</u>		
	<u>1,165,755</u>	<u>1,160,041</u>		
Diluted earnings per share			<u>5.15</u>	<u>4.93</u>

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	<b>Group (12-month period)</b>			
	<b>30/04/2019</b>	<b>30/04/2018</b>	<b>30/04/2019</b>	<b>30/04/2018</b>
	<b>RM'000</b>		<b>sen</b>	
Net profit for the year	<u>265,265</u>	<u>139,975</u>		
Weighted average number of ordinary shares in issue ('000)	<u>1,160,373</u>	<u>1,154,623</u>		
Basic earnings per share			<u>22.86</u>	<u>12.12</u>
Net profit for the year	<u>265,265</u>	<u>139,975</u>		
Number of shares used in the calculation of basic earnings per share ('000)	1,160,373	1,154,623		
Number of shares assuming exercise of ESOS (1st batch) ('000)	-	1,022		
Number of shares assuming exercise of ESOS (2nd batch) ('000)	-	68		
Number of shares assuming exercise of ESS ('000)	<u>6,084</u>	<u>-</u>		
	<u>1,166,457</u>	<u>1,155,713</u>		
Diluted earnings per share			<u>22.74</u>	<u>12.11</u>

c.c. Securities Commission