

| MITSUKOSHI MOTORS PHILIPPINES, INC. |   |                  |
|-------------------------------------|---|------------------|
| POLICY AND PROCEDURE                |   |                  |
| SUBJECT TITLE                       | MOTORCYCLE PURCHASE ORDER                       | Ref. No.         |
| DEPARTMENT :                        | OPERATIONS SUPPORT DEPARTMENT                   | OPS-2016-03-0102 |
| TO :                                | ALL BRANCHES/ AREA MANAGER/<br>REGIONAL MANAGER |                  |

### OBJECTIVE

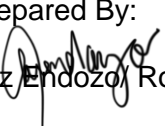
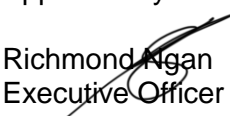
1. To guide branches in the correct way of procuring and making purchase orders of motorcycle units to the main warehouse.
2. To align production against demand of brand new motorcycle by the branch.
3. To keep inventory at optimum levels to perform production and sales activities smoothly and efficiently.
4. To eliminate losses on build-up of brand new motorcycle inventory and to avoid their carrying cost.

### POLICIES

1. It is the responsibility of the Branch Manager (BM) to identify inventory items to be ordered.
2. The Branch Monitoring System (BMS) will be used in procuring and making purchase order to the main warehouse giving consideration to their level of inventory and proximity of the branch. The following matrix will be used:

| No. | Area   | Schedule of P.O.              | Expected Date of Arrival (EDA) |
|-----|--|-------------------------------|--------------------------------|
| 1   | Visayas & Mindanao                                 | Every 3rd & 17th of the month | within 12 days                 |
| 2   | Palawan Mindoro, Odiongan, Boac, Virac and Masbate | Every Friday                  | within 7 days                  |
| 3   | Bicol & Quezon                                     | Every Thursday                | within 4 days                  |
| 4   | Region 1, 2 & 3                                    | Every Wednesday               | within 4 days                  |
| 5   | NCR, Cavite, Laguna, Batangas, Rizal, & Bulacan    | Every Tuesday                 | within 3 days                  |

3. Submission of the Purchase Order for brand new motorcycle units through the BMS should be made on the scheduled dates not later than 11:00 o'clock in the morning.
  - 3.1. The expected date of arrival (EDA) of the ordered brand new motorcycle units from the main warehouse should be indicated in the Purchase Order.

|   |   |                                |             |
|---|---|--------------------------------|-------------|
| Prepared By:<br><br>Luz Endozo, Rolando Galang | Approved by:<br><br>Richmond Ngan<br>Executive Officer | Effective<br><br>March 1, 2016 | Page 1 of 6 |
|---|---|--------------------------------|-------------|

- 4.1.1. Determine the lead time; that is the amount of time it takes to deliver the motorcycle inventory ordered to the main warehouse to the branch. To establish this, the branch must prepare lead time reports to determine how long it takes to replenish the branch inventory.
- 4.1.2. Determine inventory turn-over. This is to measure how long the branch can sell their motorcycle stock requisition from their delivery date which is necessary in inventory management.
- 4.2. If not received on the EDA, it is the responsibility of the BM to follow-up to the Inventory Specialist, Operations Support Department (inventory\_po@yahoo.com) to know the reason of late delivery.
5. The BM in preparing their Brand New Inventory Purchase Order should consider the following categories to substantiate their procurement:

| CATEGORY                     | EXPLANATION                              |
|------------------------------|--|
| CAPACITY                     | Purchase Order + Existing Inventory      |
| FORECASTED P.O               | Purchase Order match with Forecasted P.O |
| SALES HISTORY                | Can justify sales history                |
| EXISTING INVENTORY PER MODEL | Can justify existing inventory per model |

## PROCEDURE

### 1. Branch Manager (BM)

- 1.1. Conduct daily review of brand new motorcycle inventory level of the branch based on the Daily Inventory Report being submitted by the Marketing Assistant (MA).

- 1.1.1. Review inventory levels of stocks

- 1.1.1.1. Look at the quantity of each product from each of our existing brands

- 1.1.1.2. Determine if the inventory is at a high, medium, or low level.

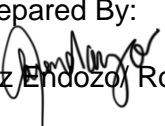
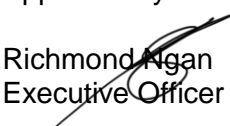
If the product inventory is at a dangerously low level, unscheduled PO can be made.

This should however be limited because it disrupts the operations of the plant thus causing general delays.

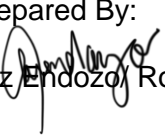
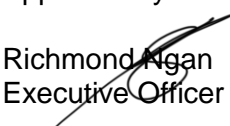
- 1.1.1.2.1. Frequency of unscheduled PO may indicate negligence of the people in charge and will be sanctioned accordingly base on our COD.

- 1.1.2. Review age of stocks

- 1.1.2.1. Gather all the DR/RR of all existing stocks

|   |   |                                |             |
|---|---|--------------------------------|-------------|
| Prepared By:<br><br>Luz Endozo, Rolando Galang | Approved by:<br><br>Richmond Ngan<br>Executive Officer | Effective<br><br>March 1, 2016 | Page 2 of 6 |
|---|---|--------------------------------|-------------|

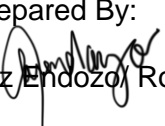
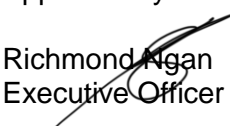
- 1.1.2.2. Determine the age of the stocks based on the indicated date delivered or received.
- 1.1.2.3. Determine stocks that are fast and slow moving
  - 1.1.2.3.1. Fast moving stocks are ideally disposed of within a month while
  - 1.1.2.3.2. Slow moving stocks are those that takes more than a month (30 days) to dispose of.
    - 1.1.2.3.2.1.1. Ensure that all effort have been exerted by the branch to dispose slow moving and aged brand new units. The branches may do the following;
      - 1.1.2.3.2.1.1.1. Recommend for possible promotions to the respective Area Managers while copy furnishing the Inventory Section, Operations Support Department
      - 1.1.2.3.2.1.1.2. Look for other branches wherein the branch slow moving stock is saleable in their areas. Proper interbranch transfer procedures must be followed
      - 1.1.2.3.2.1.2. Forward explanation to Inventory-In-Charge, Operations Support Department reason(s) for their inactive inventory copy furnish Regional Manager and Area Manager
- 1.1.3. Review the Confirmed PO for the month
  - 1.1.3.1. Check the confirmed PO for the month
  - 1.1.3.2. Determine if the PO is enough based on the inventory levels and the age/movement of the stocks
- 1.2. Prepare PO Form two (2) days before the scheduled PO date. (See Annex A)
  - 1.2.1. Obtain the form called PO FORM
  - 1.2.2. Please fill in the blanks accordingly:
    - 1.2.2.1. No.; based on the branch's branch code
    - 1.2.2.2. Branch Name; based on the designated BMS branch name
    - 1.2.2.3. Capacity; total capacity of motorcycle inventory stock the branch can handle based on the size (square meters) of the branch. The space provided for office work place and other miscellaneous areas must be deducted from the total area.
    - 1.2.2.4. Cumulative Brand New Sales Target; Brand new sales target + lapsed unachieved brand new sales target for the year
    - 1.2.2.5. Sales;
      - 1.2.2.5.1. Total Sales; running number of branch sales for the month
      - 1.2.2.5.2. Model; unit name (ex. Bonus 110)
      - 1.2.2.5.3. Color; unit color (ex. Blue)
      - 1.2.2.5.4. Qty; running number of sales for the specific unit for the month
    - 1.2.2.6. Existing Inventory;

|   |   |                                |             |
|---|---|--------------------------------|-------------|
| Prepared By:<br><br>Luz Endozo, Rolando Galang | Approved by:<br><br>Richmond Ngan<br>Executive Officer | Effective<br><br>March 1, 2016 | Page 3 of 6 |
|---|---|--------------------------------|-------------|

- 1.2.2.6.1. Total Existing Inventory; total quantity of brand new and repossessed units in the branch
- 1.2.2.6.2. Model; unit name (ex. Bonus 110)
- 1.2.2.6.3. Color; unit color (ex. Blue)
- 1.2.2.6.4. Qty; total quantity of that model and color in the branch
  - 1.2.2.6.4.1. Ensure that the quantity submitted by in the DIR tallies with the following:
    - 1.2.2.6.4.1.1. BMS inventory
    - 1.2.2.6.4.1.2. Actual Inventory Count
- 1.2.2.6.5. Remarks (Condition); must indicate condition and age of the units.
- 1.2.2.7. PO;
  - 1.2.2.7.1. Total PO; total branch orders for this specific PO
  - 1.2.2.7.2. Model; unit name (ex. Bonus 110)
  - 1.2.2.7.3. Color; unit color (ex. Blue)
  - 1.2.2.7.4. Qty; total quantity of orders for that specific model and color
  - 1.2.2.7.5. Date Needed; date the unit should arrive in the branch (dd/month/yy)
- 1.2.2.8. To be filled out by the Branch Manager;

| To be filled out by Branch Manager |                 |                  |                  |                                       |               |
|------------------------------------|-----------------|------------------|------------------|---------------------------------------|---------------|
| Pre Requisite to Check             |                 |                  |                  | Status<br>(Approved/Dis-<br>Approved) | Justification |
| Capacity                           | Forecast<br>P.O | Sales<br>History | Existing<br>Inv. |                                       |               |
|                                    |                 |                  |                  |                                       |               |

- 1.2.2.8.1. Capacity; total capacity of motorcycle inventory stock the branch can handle based on the size (square meters) of the branch. The space provided for office work place and other miscellaneous areas must be deducted from the total area.
- 1.2.2.8.2. Forecasted PO; submitted projected number of brand new motorcycle units to PO for the month as approved by the Regional Manager.
- 1.2.2.8.3. Sales History; average sales of the type of unit based on historical data.
- 1.2.2.8.4. Existing Inventory; based on the actual number of brand new motorcycle units at the branch at the time of preparation of the PO.
- 1.2.2.8.5. Justification; If one or more of the categories is not satisfied, the reason must be duly substantiated here. (ex. Big amount of pending PO)

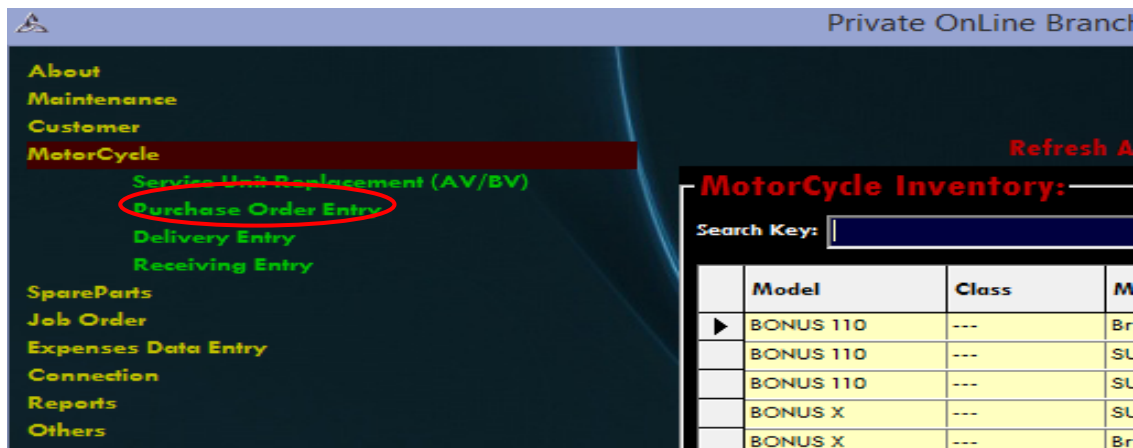
|  |   |                                |             |
|--|---|--------------------------------|-------------|
| Prepared By:<br><br>Luz Endozo Rolando Galang | Approved by:<br><br>Richmond Ngan<br>Executive Officer | Effective<br><br>March 1, 2016 | Page 4 of 6 |
|--|---|--------------------------------|-------------|

1.3. Purchase Order Request to branch Cashier for encoding of the Purchase Order in the BMS.

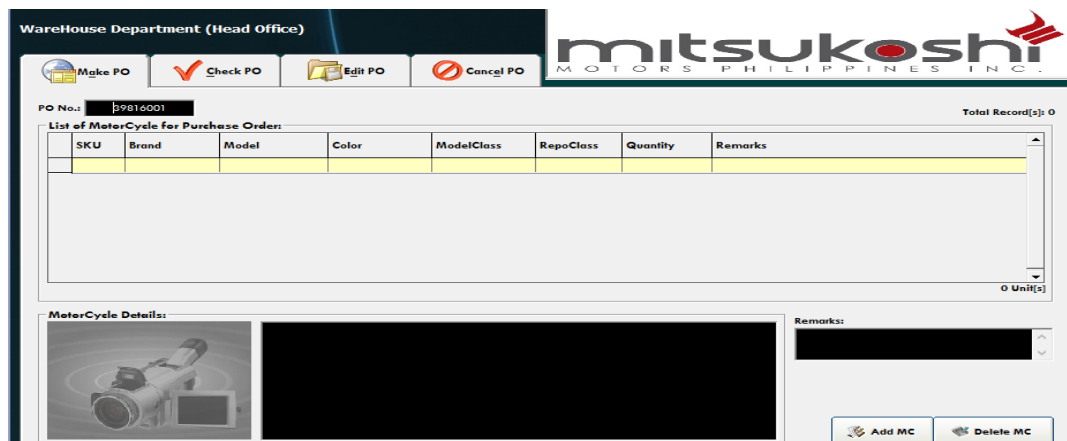
## 2. Cashier

2.1. Receive duly accomplished Purchase Order Request from BM.

2.2. Open BMS and proceed to Motorcycle Module.



2.2.1. Click "Purchase Order Entry" to open Purchase Order Motorcycle to Head Office.



2.2.2. Click Add MC box to proceed with making PO to the main office.

2.2.2.1. The Add Motorcycle Unit for Make Tab will appear and click appropriate description of items to be ordered.

|   |  |                            |             |
|---|--|----------------------------|-------------|
| Prepared By:<br>Luz Endozo Rolando Galang | Approved by:<br>Richmond Ngan<br>Executive Officer | Effective<br>March 1, 2016 | Page 5 of 6 |
|---|--|----------------------------|-------------|

**Add Motorcycle Unit for Make Tab:**

| SKU  | Brand   | Model        | Color   | BN CP     | BN LCP    | RP Min.   | Eff. Date |
|------|---------|--------------|---------|-----------|-----------|-----------|-----------|
| 5061 | SKYNICE | ABSOLUTE     | YLW     | 48,000.00 | 49,900.00 | 30,000.00 | 07/01/06  |
| 5062 | SKYNICE | ABSOLUTE     | BL      | 48,000.00 | 49,900.00 | 30,000.00 | 07/01/06  |
| 5063 | SKYNICE | ABSOLUTE     | RD      | 48,000.00 | 49,900.00 | 30,000.00 | 07/01/06  |
| 5064 | SKYNICE | ABSOLUTE     | BLK     | 48,000.00 | 49,900.00 | 30,000.00 | 07/01/06  |
| 5065 | SKYNICE | ABSOLUTE     | PNK     | 48,000.00 | 49,900.00 | 30,000.00 | 07/01/06  |
| 5066 | SYM     | ADVANTAGE 80 | SVR GRN | 36,000.00 | 37,800.00 | 0.00      | 07/01/06  |
| 5067 | SYM     | ADVANTAGE 80 | ORNGE   | 36,000.00 | 37,800.00 | 0.00      | 07/01/06  |
| 5068 | SYM     | ADVANTAGE 80 | RD BLK  | 36,000.00 | 37,800.00 | 0.00      | 07/01/06  |

Total Record[s]: 723

Enter SKU:  Brands:


Model:  Model Class:  BrandNew

Color:  Repo Class:

Quantity:  0 Remarks:

Details:

|                 |             |            |             |
|-----------------|-------------|------------|-------------|
| BN Walk IN      | : 46,000.00 | RP Class S | : 45,000.00 |
| BN Sales Agent  | : 46,500.00 | RP Class A | : 43,000.00 |
| BN D. Center    | : 47,000.00 | RP Class B | : 41,000.00 |
| RP Min. Selling | : 30,000.00 | RP Class C | : 39,000.00 |
| BN Cash Price   | : 48,000.00 | RIM Type   | : 0.00      |
| BN Walk IN      | : 46,000.00 | MAG Type   | : 0.00      |

View Warehouse Inventory: 

Add Record for Make P. O.

2.2.2.1.1. Clip Model box and list of existing model of the company will cascade; and choose specific model of motorcycle to be procured.

2.2.2.1.2. Clip Color box and list of motorcycle will appear; and choose specific color of the motorcycle to be procured.

2.2.2.1.3. Indicate number of units to be procured in the Quantity box.

2.2.2.1.4. Check and ensure that the motorcycle unit description is correct and if everything is in order, click Add Record for Make PO.

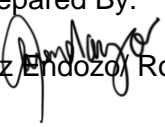
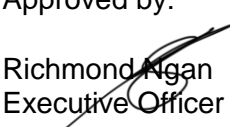
2.2.2.1.5. If additional motorcycle unit will added in the Purchase Order, repeat items 2.2.2.1.1 to 2.2.2.1.4.

2.2.2.2. Indicate in the "Remarks" portion the place of delivery, if the PO is for branch, satellite or display center for the purpose of loading and unloading delivery of units.

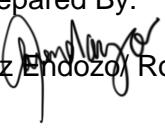

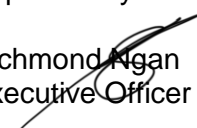
2.2.2.3. View Purchase Order by clicking Preview box to check motorcycle units to be ordered.

2.2.2.4. If an error was committed, delete motorcycle included in the PO by clicking Delete MC box.

2.2.2.5. Click Save box, if everything is in order to submit Purchase Order to Inventory Analyst, Operations Support Department.

|   |   |                                |             |
|---|---|--------------------------------|-------------|
| Prepared By:<br><br>Luz Endozo | Approved by:<br><br>Richmond Ngan<br>Executive Officer | Effective<br><br>March 1, 2016 | Page 6 of 6 |
|---|---|--------------------------------|-------------|

2.3 In case of power outages and internet problems, the branch may use the Purchase Order templates to be forwarded to the Inventory Analyst, Operations Support Department (Annex "A").

|   |   |   |                                |             |
|---|---|---|--------------------------------|-------------|
| Prepared By:<br><br>Luz Endozo | <br>Rolando Galang | Approved by:<br><br>Richmond Ngan<br>Executive Officer | Effective<br><br>March 1, 2016 | Page 7 of 6 |
|---|---|---|--------------------------------|-------------|

# ANNEX "A"

## PURCHASE ORDER FORM

| No. | Branch Name        | Capacity | Cumulative Bnw Sales Target | Target for the Month | Sales       |              |              | Existing Inventory |                    |              |              |     | P.O                     |           |              |              | To be filled out by Branch Manager |             |                        |              |               |               |                                  |  |
|-----|--------------------|----------|-----------------------------|----------------------|-------------|--------------|--------------|--------------------|--------------------|--------------|--------------|-----|-------------------------|-----------|--------------|--------------|------------------------------------|-------------|------------------------|--------------|---------------|---------------|----------------------------------|--|
|     |                    |          |                             |                      | Total Sales | Distribution |              |                    | Total Existing Inv | Distribution |              |     | Remarks(Condition)      | Total P.O | Distribution |              |                                    | Date Needed | Pre Requisite to Check |              |               |               | Status (Approved/ Dis- Approved) | Justification  |
|     |                    |          |                             |                      |             | Model        | Color        | Qty                |                    | Model        | Color        | Qty |                         |           | Model        | Color        | Qty                                |             | Capacity               | Forecast P.O | Sales History | Existing Inv. |                                  |  |
| 1   | Branch 1 (Example) | 50       | 50                          | 40                   | 15          | Bonus X      | Red/Black    | 2                  | 20                 | Bonus X      | Red/Black    | 2   | Old Stock-need discount | 40        | Bonus X      | Red/Black    | 4                                  | 15-Mar-16   | x                      | /            | /             | x             | Approve                          | will store to whs & existingwill request for old stock |
|     |                    |          |                             |                      |             |              | Blue/White   | 3                  |                    |              | Blue/White   | 2   | Old Stock-need discount |           |              | Blue/White   | 4                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              | Yellow/Black | 2                  |                    |              | Yellow/Black | 2   | ok                      |           |              | Yellow/Black | 2                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             | Bonus 110    | Red/Black    | 3                  |                    | Bonus 110    | Red/Black    | 2   | ok                      |           | Bonus 110    | Red/Black    | 2                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              | Blue/White   | 3                  |                    |              | Blue/White   | 2   | Old Stock-need discount |           |              | Blue/White   | 4                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              | Yellow/Black | 2                  |                    |              | Yellow/Black | 2   | ok                      |           |              | Yellow/Black | 4                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    | Euro X       | Red/Black    | 2   | ok                      |           | Euro X       | Red/Black    | 4                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    |              | Blue/White   | 2   | ok                      |           |              | Blue/White   | 4                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    |              | Yellow/Black | 1   | ok                      |           |              | Yellow/Black | 2                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    | DH 150       | Red/Black    | 1   | ok                      |           | DH 150       | Red/Black    | 4                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    |              | Blue/White   | 1   | ok                      |           |              | Blue/White   | 4                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    |              | Yellow/Black | 1   | ok                      |           |              | Yellow/Black | 4                                  |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    |              |              |     |                         |           |              |              |                                    |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    |              |              |     |                         |           |              |              |                                    |             |                        |              |               |               |                                  |  |
|     |                    |          |                             |                      |             |              |              |                    |                    |              |              |     |                         |           |              |              |                                    |             |                        |              |               |               |                                  |  |

Prepared By:

Luz Endozo Rolando Galang

Approved by:

Richmond Ngan  
Executive Officer

Effective

March 1, 2016

Page 8 of 6