

# **Berjaya Corporation Berhad**

Company No: 554790-X

Date: 30 September 2016

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JULY 2016**

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**BERJAYA CORPORATION BERHAD****(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended	
	31/07/2016	31/07/2015
	RM'000	RM'000
GROUP REVENUE	2,224,408	2,135,817
PROFIT FROM OPERATIONS	172,104	195,896
Investment related income	22,601	51,728
Investment related expenses	(23,716)	(4,451)
Finance costs	(105,016)	(102,239)
Share of results of associates	6,285	44,818
Share of results of joint ventures	(650)	(1,917)
PROFIT BEFORE TAX	71,608	183,835
INCOME TAX EXPENSE	(113,843)	(77,425)
(LOSS)/PROFIT AFTER TAX	(42,235)	106,410
ATTRIBUTABLE TO:		
- Equity holders of the parent	(62,677)	56,133
- Non-controlling interests	20,442	50,277
	(42,235)	106,410
(LOSS)/EARNINGS PER SHARE (SEN)		
- Basic, for the period	(1.11)	1.19
- Diluted, for the period	(1.11)	1.18

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

**BERJAYA CORPORATION BERHAD****(Company No: 554790 - X)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended	
	31/07/2016	31/07/2015
	RM'000	RM'000
(LOSS)/PROFIT AFTER TAX	(42,235)	106,410
OTHER COMPREHENSIVE ITEMS		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Net changes on available-for-sale ("AFS") financial assets		
- Changes in fair value of AFS investments	(4,157)	(790)
- Transferred to profit or loss due to:		
- Disposals of AFS investments	231	-
- Impairment of AFS investments	5	648
Foreign currency translation	78,919	126,516
Amortisation of gaming rights	(2,696)	-
Share of other comprehensive items of associates	5,298	(5,676)
Taxation relating to components of other comprehensive income	(144)	1,251
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Revaluation of land and buildings	234	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>35,455</u>	<u>228,359</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the parent	(8,523)	125,044
- Non-controlling interests	43,978	103,315
	<u>35,455</u>	<u>228,359</u>

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

**BERJAYA CORPORATION BERHAD****(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/07/2016 RM'000	Group As at 30/04/2016 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,933,849	3,766,965
Biological assets	4,693	4,773
Other investments	103,076	92,444
Investment properties	773,037	768,438
Land held for development	2,559,635	2,607,092
Investment in associated companies	1,325,235	1,272,209
Investment in joint ventures	95,639	95,132
Deferred tax assets	88,929	85,643
Other long term receivables	644,221	627,550
Intangible assets	6,561,908	6,571,123
	<u>16,090,222</u>	<u>15,891,369</u>
<b>Current Assets</b>		
Development properties	921,350	847,393
Inventories	1,031,073	1,052,957
Trade and other receivables	1,807,509	1,487,298
Short term investments	11,726	12,152
Tax recoverable	60,790	65,071
Deposits with financial institutions	705,820	809,789
Cash and bank balances	1,718,452	1,788,664
	<u>6,256,720</u>	<u>6,063,324</u>
Assets of disposal group/Non-current assets classified as held for sale	1,022,287	1,392,624
	<u>7,279,007</u>	<u>7,455,948</u>
<b>TOTAL ASSETS</b>	<u>23,369,229</u>	<u>23,347,317</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	4,888,624	4,673,180
Share premium	6,965	6,965
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - Equity component	368,433	253,608
Reserves	2,335,735	2,125,658
	<u>7,599,757</u>	<u>7,059,411</u>
Less: Treasury shares	(133,249)	(130,399)
	<u>7,466,508</u>	<u>6,929,012</u>
Non-controlling interests	4,605,558	5,171,636
<b>Equity funds</b>	<u>12,072,066</u>	<u>12,100,648</u>
<b>Non-current liabilities</b>		
Irredeemable Convertible Unsecured Loan Stocks	181,332	158,731
Long term borrowings	4,117,265	4,530,187
Provisions and other long term liabilities	338,451	259,149
Deferred tax liabilities	475,948	474,846
	<u>5,112,996</u>	<u>5,422,913</u>
<b>Current Liabilities</b>		
Trade and other payables	3,566,187	3,279,893
Provisions	11,931	11,562
Short term borrowings	2,382,276	2,321,987
Taxation	197,474	185,967
Derivative liability	4,767	2,080
	<u>6,162,635</u>	<u>5,801,489</u>
Liabilities directly associated with disposal groups classified as held for sale	21,532	22,267
	<u>6,184,167</u>	<u>5,823,756</u>
<b>Total Liabilities</b>	<u>11,297,163</u>	<u>11,246,669</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>23,369,229</u>	<u>23,347,317</u>
Basic net assets per share (sen)	151.07	148.63
Dilutive net assets per share (sen)	120.93	133.47

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

Basic : Equity funds less non-controlling interests and ICULS - equity component divided by the number of outstanding shares in issue with voting rights.

Dilutive : Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights and the potential conversion of the Company's outstanding ICULS to shares and exercise of Warrants.

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

**BERJAYA CORPORATION BERHAD**

(Company No: 554790 - X)

 UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Parent											Distributable				
	Non-distributable															
	Share capital RM'000	Share premium RM'000	ICULS - equity component # RM'000	AFS reserves RM'000	Reserve of disposal group classified as held for sale RM'000	Share option reserves RM'000	Warrants reserve ^ RM'000	Fair value reserves RM'000	Capital reserves RM'000	Consolidation reserve RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total net equity funds RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 May 2016	4,673,180	6,965	253,608	(13,247)	9,971	1,051	145,758	723,259	31,312	(879,770)	111,321	1,996,003	(130,399)	6,929,012	5,171,636	12,100,648
Total comprehensive income	-	-	-	131	-	16	-	(1,803)	(128)	8,648	47,290	(62,677)	-	(8,523)	43,978	35,455
Share of an associated company's effect arising from dilution on equity interest of its subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(3,746)	-	(3,746)	-	(3,746)
<b>Transactions with owners:</b>																
Transfer of reserves	-	-	-	554	-	(29)	58,286	260	266	33	1,113	(60,483)	-	-	-	-
Treasury share acquired	-	-	-	-	-	-	-	-	-	-	-	(2,850)	-	(2,850)	-	(2,850)
Issuance of BCorp ICULS	-	-	297,435	-	-	-	-	-	-	-	-	-	-	297,435	-	297,435
Arising from conversion of BCorp ICULS - by surrender option	215,444	-	(182,610)	-	-	-	-	-	-	-	-	(98)	-	32,736	-	32,736
Transfer upon disposal of a subsidiary company	-	-	-	-	(9,971)	-	-	-	-	-	-	9,971	-	-	-	-
Adjustment in relation to dilution of equity interest in subsidiary companies	-	-	-	-	-	-	-	-	-	(10,913)	-	-	-	(10,913)	82,586	71,673
Adjustment due to increase in equity in subsidiary companies	-	-	-	-	-	-	-	-	-	231,432	-	-	-	231,432	(656,120)	(424,688)
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	13
Transferred from distributable earnings to capital reserve arising from a subsidiary company's bonus issue of shares	-	-	-	-	-	-	-	-	99,073	-	-	(99,073)	-	-	-	-
Adjustments arising from amortisation of gaming rights	-	-	-	-	-	-	-	-	-	-	-	1,925	-	1,925	-	1,925
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,535)	(36,535)
	215,444	-	114,825	554	(9,971)	(29)	58,286	260	99,339	220,552	1,113	(147,758)	(2,850)	549,765	(610,056)	(60,291)
At 31 July 2016	4,888,624	6,965	368,433	(12,562)	-	1,038	204,044	721,716	130,523	(650,570)	159,724	1,781,822	(133,249)	7,466,508	4,605,558	12,072,066

## Notes:

- # This comprises the equity components of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")  
 ^ This comprises the fair values of warrants

**BERJAYA CORPORATION BERHAD**

(Company No: 554790 - X)

 UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to the equity holders of the Parent											Total net equity funds RM'000	Non-controlling interests RM'000	Total equity RM'000	
	Non-distributable							Distributable							
	Share capital RM'000	Share premium RM'000	ICULS - equity component # RM'000	AFS reserves RM'000	Share option reserves RM'000	Warrants reserve ^ RM'000	Fair value reserves RM'000	Capital reserves RM'000	Consolidation reserve RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Treasury shares RM'000			
At 1 May 2015	4,330,614	6,965	409,972	(73,582)	4,921	145,758	851,825	28,377	(892,224)	73,995	2,196,545	(130,399)	6,952,767	4,841,869	11,794,636
Total comprehensive income	-	-	-	(6,032)	266	-	190	1,424	-	73,063	56,133	-	125,044	103,315	228,359
<b>Transactions with owners:</b>															
Transfer of reserves	-	-	-	(53,244)	(2,561)	-	(17,383)	13,093	(376,849)	317	436,627	-	-	-	-
Arising from conversion of BCorp ICULS - by surrender option	1,708	-	(1,708)	-	-	-	-	-	-	-	-	-	-	-	-
Re-issue of BCorp ICULS pursuant to sale of BCorp ICULS previously held within the Group to third parties	-	-	105,610	-	-	-	-	-	-	-	(25,536)	-	80,074	(37,831)	42,243
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	-	-	92,972	92,972
Adjustment in relation to dilution of equity interest in subsidiary companies	-	-	-	-	-	-	-	-	2,269	-	-	-	2,269	7,710	9,979
Arising from increase in equity interest in subsidiary companies	-	-	-	-	-	-	-	-	(12,655)	-	-	-	(12,655)	(2,326)	(14,981)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,814)	(36,814)
	1,708	-	103,902	(53,244)	(2,561)	-	(17,383)	13,093	(387,235)	317	411,091	-	69,688	23,711	93,399
At 31 July 2015	4,332,322	6,965	513,874	(132,858)	2,626	145,758	834,632	42,894	(1,279,459)	147,375	2,663,769	(130,399)	7,147,499	4,968,895	12,116,394

## Notes:

- # This comprises the equity components of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")  
 ^ This comprises the fair values of warrants

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

**BERJAYA CORPORATION BERHAD****(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2016	31/07/2015
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	2,407,174	2,544,366
Payments for operating expenses	(2,334,194)	(2,582,012)
Payment of taxes	(87,240)	(87,104)
Other (payments)/receipts (including tax refunds)	(4,013)	14,336
Net cash used in operating activities	<u>(18,273)</u>	<u>(110,414)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Disposal of property, plant and equipment and non-current assets	947	4,794
Disposal of investment in subsidiary companies	77,485	27,742
Disposal of investment in an associated company	284,983	-
Disposal of other investments	45,096	250
Acquisition of property, plant and equipment and non-current assets	(54,855)	(56,877)
Acquisition of investments in subsidiary companies	(65,851)	(86,015)
Acquisition of investments in an associated company	(7,086)	-
Acquisition of other investments and short term investments	(2,750)	(28,023)
Acquisition of treasury shares by subsidiary companies	(419)	-
Interest received	18,622	14,991
Dividend received	1,101	30,424
Net advances to joint ventures	(636)	(2,008)
Other receipts/(payments)	6,538	(36,278)
Net cash generated from/(used in) investing activities	<u>303,175</u>	<u>(131,000)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Acquisition of treasury shares by the Company	(2,850)	-
Issuance of share capital to non-controlling interests of subsidiary companies	25	4,032
Reissuance of BCorp ICULS 1	-	42,243
Dividends paid to non-controlling interests of subsidiary companies	(2,865)	(804)
Interest paid	(99,869)	(94,417)
Drawdown of bank and other borrowings	223,802	940,455
Repayment of bank and other borrowings	(663,661)	(632,680)
Withdrawal/(Placements) in banks as security pledges for borrowings	114,940	(10,379)
Net cash (used in)/generated from financing activities	<u>(430,478)</u>	<u>248,450</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(145,576)</b>	<b>7,036</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>1,607,875</b>	<b>1,348,931</b>
Effect of exchange rate changes	40,397	14,948
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b><u>1,502,696</u></b>	<b><u>1,370,915</u></b>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	705,820	768,846
Cash and bank balances	1,718,452	874,798
Bank overdraft (included under short term borrowings)	<u>(114,379)</u>	<u>(62,809)</u>
	2,309,893	1,580,835
Less :		
Remisiers' deposit held in trust	(15,717)	(13,094)
Cash and cash equivalents restricted in use	<u>(804,935)</u>	<u>(198,005)</u>
	1,489,241	1,369,736
Including: Cash and cash equivalents classified as held for sale	13,455	1,179
	<u>1,502,696</u>	<u>1,370,915</u>

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

**BERJAYA CORPORATION BERHAD****(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

## NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The interim financial report is not audited and has been prepared in compliance with Financial Reporting Standards ("FRS") 134 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR").

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding the changes in the financial position and performance of the Company since the year ended 30 April 2016.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 May 2016.

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

- A2 The following business operations of the Group are affected by seasonal or cyclical factors:
- (a) the property development segment is affected by the prevailing cyclical economic conditions.
  - (b) the stock and futures broking businesses are influenced by the performance of the stock market.
  - (c) the local island beach resorts situated at the East Coast of Peninsular Malaysia are affected by the North-East monsoon season in the third quarter of the financial year.
  - (d) the gaming business may be positively impacted by the festive seasons.
- A3 (a) The following are the unusual items that occurred during the current quarter under review:

Recognised directly in statement of profit or loss

- (i) Included under investment related income and (expenses):

	Current Quarter RM'000
Gain on disposal of other investment	967
Loss arising from dilution of interest in an associated company	(1,575)
Loss on disposal of an associated company	(13,022)
Impairment in value of investment in an associated company	(236)
Impairment in value of AFS investment	(5)
Fair value loss on financial instruments from AFS financial assets (transferred from equity on disposal of other investments)	(505)
Net fair value changes of investment properties	201
Net fair value changes of fair value through profit or loss ("FVTPL") investments	(7,829)
	<u>(22,004)</u>

- (b) 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 2016.



**BERJAYA CORPORATION BERHAD****(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

## NOTES TO THE INTERIM FINANCIAL REPORT

A4 There were no issuances and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period ended 31 July 2016 except for the following (rounded to nearest thousand):

(a) Share capital

(i) 215,444,000 ordinary shares of RM1.00 each were issued pursuant to the conversion of 215,444,000 BCorp ICULS 4 of RM1.00 nominal value each.

(b) 2% 10-year irredeemable convertible unsecured loan stocks of RM1.00 nominal value each ("BCorp ICULS 4")

353,248,000 BCorp ICULS 4 have been issued during the year together with Warrants 3 pursuant to the acquisition of 598,726,000 shares in Berjaya Land Berhad ("BLand Acquisition"). During the financial period ended 31 July 2016, 215,444,000 BCorp ICULS 4 were tendered for the subscription of 215,444,000 ordinary shares of RM1.00 each.

(c) 10-year warrants 2016/2026 ("Warrants 3")

706,497,000 warrants were issued by the Company together with BCorp ICULS 4 pursuant to the BLand Acquisition. Each of the said warrant entitles the holder to subscribe for one ordinary share of RM1.00 each at an exercise price of RM1.00 per share. During the financial period ended 31 July 2016, no shares have been issued pursuant to the exercise of Warrants 3.

Subsequent to the quarter ended 31 July 2016 and up to the date of this announcement:-

(a) <u>Share capital</u>	<u>RM'000</u>
Share capital - Issued and fully paid up as at 31 July 2016	4,888,624
Arising from conversion of BCorp ICULS 4 - by surrender option	34,967
Share capital - Issued and fully paid up as at 19 September 2016	<u><u>4,923,591</u></u>

**BERJAYA CORPORATION BERHAD****(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

## NOTES TO THE INTERIM FINANCIAL REPORT

(d) Treasury shares

The details of the share buyback during the financial period ended 31 July 2016 are as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
June 2016	0.35	0.36	0.36	8,000,000	2,850
			0.36	8,000,000	2,850

The number of treasury shares held in hand as at 31 July 2016 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 30 April 2016	0.72	182,000,000	130,399
Increase in treasury shares	0.36	8,000,000	2,850
Total treasury shares as at 31 July 2016	0.70	190,000,000	133,249

As at 31 July 2016, the number of outstanding shares in issue and fully paid up with voting rights (rounded to nearest thousand) was 4,698,624,000 (31 July 2015: 4,150,322,000) ordinary shares of RM1.00 each.

A5 The Company did not pay any dividend in the financial period ended 31 July 2016.

**BERJAYA CORPORATION BERHAD****(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

A6 Segment information for the financial year ended 31 July 2016:-

REVENUE	External RM'000	Inter- segment RM'000	Total RM'000
Toto betting operations	801,701	-	801,701
Financial services	11,083	-	11,083
Property investment and development	194,685	9,979	204,664
Hotels and resorts	79,459	1,438	80,897
Marketing of consumer products and services	942,721	27,912	970,633
Restaurants and cafes	161,341	35	161,376
Others	33,418	6,104	39,522
Elimination: Inter-segment Revenue	-	(45,468)	(45,468)
Total revenue	<u>2,224,408</u>	<u>-</u>	<u>2,224,408</u>

**RESULTS**

	RM'000
Toto betting operations	95,781
Financial services	11,160
Property investment and development	106,169
Hotels and resorts	5,616
Marketing of consumer products and services	(7,175)
Restaurants and cafes	2,563
Others	<u>10,930</u>
	225,044
Unallocated corporate items	<u>(52,940)</u>
Profit from operations	172,104
Investment related income	
-Interest income	20,577
-Gain on disposal of other investment	967
-Fair value gain from investment properties	201
-Fair value changes of FVTPL investments	544
-Dividend income and others	<u>312</u>
	22,601
Investment related expenses	
-Fair value changes of FVTPL investments	(8,373)
-Impairment in value of AFS investment	(5)
-Loss on disposal of an associated company	(13,022)
-Fair value loss on financial instruments from AFS financial assets (transferred from equity on disposal of other investments)	(505)
-Loss arising from dilution of interest in an associated company	(1,575)
-Impairment in value of investment in an associated company	<u>(236)</u>
	(23,716)
Finance costs	(105,016)
Share of results of associates	6,285
Share of results of joint ventures	<u>(650)</u>
Profit before tax	71,608
Income tax expense	<u>(113,843)</u>
Loss after tax	<u>(42,235)</u>

A7 There were no significant events since the end of this current quarter up to the date of this announcement.

**BERJAYA CORPORATION BERHAD**

**(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016

NOTES TO THE INTERIM FINANCIAL REPORT

- A8 There were no changes in the composition of the Group for the current period ended 31 July 2016, including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operations except for the following:-
- (a) On 6 May 2016, Berjaya Philippines Inc., an indirect subsidiary of Berjaya Sports Toto Berhad completed the subscription of 42,500 new ordinary shares in Neptune Properties Inc. ("Neptune") for a total consideration of PHP82.3 million (equivalent to RM7.1 million), representing 41.5% equity interests in Neptune.
  - (b) On 16 May 2016, the Company announced the proposed member's voluntary winding up exercise of Eng Equities Sdn Bhd, an indirect subsidiary of the Company.
  - (c) On 27 June 2016, the Company announced that BGroup, its wholly owned subsidiary company, acquired 60% equity interest in a new subsidiary company, BLoyalty Pte Ltd, a company incorporated in Singapore, for a total consideration of SGD6,000.
  - (d) During the current quarter under review, the Group disposed of its entire equity interests in Berjaya Auto Berhad ("BAuto"), and BAuto is no longer an associated company of the Group.
  - (e) On 5 July 2016, the Company announced that the disposals of the 9.09% equity stake comprising of 104.10 million shares in BAuto to Dynamic Milestone Sdn Bhd ("DMSB"), in exchange for 33% equity interest in DMSB has been completed and DMSB became an associated company of the Group.
  - (f) On 19 July 2019, the Company announced that Cosway Germany GmbH, a wholly-owned dormant subsidiary which has not commenced operations since incorporation, has been voluntarily liquidated pursuant to an application and its name has been struck off from the commercial register.
- A9 There were no material changes in contingent liabilities or contingent asset since the last annual balance sheet date other than the following:
- (a) With reference to Note 42(2) to the financial statements regarding the claim brought by Evolv Health LLC against CoswayUSA and several other parties, the trial date has been set on 29 August 2017.
  - (b) With reference to Note 42(4) to the financial statements regarding the actions brought by Armen&anor, the trial has been postponed to 31 October 2016 at the request of Armen&anor.
- A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2016.

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- B1 The main operating businesses of the Group are marketing of consumer products and services, restaurants and cafes, property investment and development, hotels and resorts and toto betting operations. The key factors (other than the general economic conditions) affecting the performance of the main operating businesses in the Group are as follows:

Marketing of consumer products and services

Effectiveness of marketing initiatives, new product launches, sales productivity, consumer preferences and spending trends, the fluctuation of foreign exchange rates impacting product costs and competitive pricing and promotions offered by competitors and the disposable income of the consumers.

Restaurants and cafes

Festive season, tourism, eating out culture, raw material costs, staff costs and affluent lifestyle as well as consumer perception.

Property investment and development

Demography of population, location of the properties, costs of building materials and related services, lending guidelines and interest rates of the financial institutions, rental rates, age and condition of investment properties and the quality of property management.

Hotels and resorts

Room rates, seasonal festive periods and school holidays, location of the hotels and resorts, tourism and currency exchange trends, energy/other supplies costs, quality of rooms/amenities/service.

Toto betting operations

Disposable income of the general public, Jackpot cycles, luck factor, illegal gaming activities and the number of draws in the financial period.

**Review of results for the quarter**

The Group registered a revenue of RM2.22 billion and pre-tax profit of RM71.61 million in the current quarter ended 31 July 2016 as compared to a revenue of RM2.14 billion and pre-tax profit of RM183.84 million reported in the previous year corresponding quarter.

Commentary on revenue

The Group recorded a higher revenue for the current quarter mainly due to higher revenue reported by property investment and development segment as well as motor distribution business as compared to the preceding quarter.

Marketing of consumer products and services

The marketing of consumer products and services segment reported lower revenue as the retail distribution business was affected by unfavourable economic conditions in the Greater China Markets. The quantum of decrease was mitigated by higher revenue reported by the motor distribution business.

The motor distribution business under H.R. Owen PLC ("HR Owen") reported higher revenue due to higher sales volume of new cars coupled with certain new models being available for sale.

Restaurants and cafes

The restaurants and cafes business reported a higher revenue for the current quarter mainly due to higher sales recorded by existing cafes as well as additional cafes operating in the current quarter.

Property investment and development

The property investment and development business registered higher revenue mainly due to strong sales from a property project in the Peoples' Republic of China.

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### Hotels and resorts

The hotels and resorts business reported a higher revenue mainly due to higher overall occupancy and average room rates in the current quarter under review.

### Toto betting operations

The toto betting operations operated by Sports Toto Malaysia Sdn Bhd ("STM"), principal subsidiary of Berjaya Sports Toto Berhad ("BToto"), reported a higher revenue mainly due to strong sales from high jackpot in the 4D Jackpot game in the current quarter under review.

### Commentary on pre-tax profit

The Group's pre-tax profit for the current quarter was lower than previous year corresponding quarter. The current period profit was lower mainly due to losses from retail business and lower share of associated companies' results as a result of cessation of equity accounting for BAUTO's results and share of higher losses from associated companies. In addition, there was higher net investment related income in the previous year corresponding quarter.

### Marketing of consumer products and services

The retail distribution business reported a pre-tax loss in this current quarter under review mainly due to unfavourable economic conditions in China as compared to the preceding year corresponding quarter .

The motor distribution business reported a lower pre-tax profit in this quarter under review mainly due to higher operating expenses incurred as compared to the preceding year corresponding quarter .

### Restaurants and cafes

The restaurants and cafes business reported a lower pre-tax profit mainly due to the depreciation of Ringgit Malaysia which had impacted the profit margin of the restaurants and cafes business in Malaysia.

### Property investment and development

The property investment and development business contributed higher pre-tax profit mainly due to strong sales.

### Hotels and resorts

The hotels and resorts business reported higher pre-tax profit mainly due to higher revenue in the current quarter as compared to the previous year corresponding quarter.

### Toto betting operations

The gaming business contributed higher pre-tax profit mainly due to lower prize payout in the current quarter under review as compared to the previous year corresponding quarter.

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**B2 Review of results of first quarter vs fourth quarter of the preceding year**

For the quarter under review, the Group recorded a revenue of RM2.22 billion and pre-tax profit of RM71.61 million as compared to a revenue of RM2.48 billion and pre-tax loss of RM466.10 million reported in the preceding quarter.

Commentary on revenue

The Group recorded a lower revenue for the current quarter mainly due to lower revenue reported by property investment and development segment as compared to the preceding quarter.

Marketing of consumer products and services

The motor distribution business reported higher revenue in the current quarter under review mainly due to higher sales volume of new cars coupled with certain new models being available for sale.

Restaurants and cafes

The restaurants and cafes business reported a lower revenue in the current quarter compared to the preceding quarter. The Muslim fasting month which occurred in the current quarter under review had impacted the revenue and the first quarter is traditionally the weakest quarter in the financial year.

Property investment and development

The property investment and development business reported a lower revenue due to lower progress billings for the current quarter.

Hotels and resorts

The hotels and resorts business reported higher revenue arising from higher occupancy and average room rates in this quarter under review compared to the preceding quarter.

Toto betting operations

The gaming business reported a lower revenue in current quarter under review as the preceding quarter had benefited from the seasonally higher sales during the Chinese New Year festive period and the current quarter also had lower number of draws.

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Commentary on pre-tax profit/(loss)

The Group recorded a pre-tax profit for the current quarter as compared to pre-tax loss of RM466.01 in the preceding quarter. The pre-tax loss in the previous quarter was mainly due to non-cash impairment in value of goodwill and assets held for sale.

Marketing of consumer products and services

The retail distribution business reported a higher pre-tax loss in the previous quarter mainly due to unfavourable foreign currency translation effect.

The higher pre-tax loss reported by telecommunication business in the previous quarter was mainly due to higher impairment of trade receivables, additional impairment of goodwill, higher project cost and impairment of property, plant and equipment.

Restaurants and cafes

The restaurants and cafes business reported a lower pre-tax profit in the current quarter under review in tandem with the lower revenue mentioned above.

Property investment and development

The property investment and development business registered lower profit as lower progress billings were recorded in the current quarter as compared to the previous quarter.

Hotels and resorts

The hotels and resorts business reported higher pre-tax profit mainly due to higher revenue in this current quarter under review as compared to the preceding quarter.

Toto betting operations

The gaming business contributed lower pre-tax profit mainly due to higher prize payout in the current quarter under review.

**B3** Future prospects

Given the prevailing economic conditions and financial outlook, the Directors are of the view that the Group's operating environment will be very challenging going forward.

**B4** There is no profit forecast or profit guarantee for the financial period ended 31 July 2016.

**B5** The taxation charge for the current quarter ended 31 July 2016 are detailed as follows:

	Current Quarter RM'000
Based on the results for the period:-	
Current period provision	
- In Malaysia	45,008
- Outside Malaysia	66,990
Deferred tax	(5,983)
Under provision in prior years	7,828
	<u>113,843</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 2016 was mainly due to certain expenses or losses being disallowed for tax purposes and non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.



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

	Current Quarter RM'000	Financial Year to date RM'000
Interest income	(20,577)	(20,577)
Dividend income	(312)	(312)
Gain on disposal of property, plant and equipment	(11)	(11)
Gain on disposal of other investment	(967)	(967)
Fair value loss on financial instruments from AFS financial assets (transferred from equity on disposal of other investments)	505	505
Loss arising from dilution of interest in an associated company	1,575	1,575
Depreciation of property, plant and equipment	42,666	42,666
Amortisation of intangible assets	16,538	16,538
Impairment loss on receivables	359	359
Impairment in value of investment in an associated company	236	236
Impairment in value of AFS investment	5	5
Provision for and write off of inventories	2,121	2,121
Loss on disposal of an associated company	13,022	13,022
Foreign exchange loss (net)	18,244	18,244
Fair value changes of FVTPL investments (net)	<u>7,829</u>	<u>7,829</u>

B7 There has been no further developments for those corporate proposals disclosed in Notes 47 and 48 to the audited financial statements of the Company for the financial year ended 30 April 2016.

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B8 Group borrowings and debt securities as at 31 July 2016 were as follows:

			At end of current quarter RM'000
Short term borrowings			
Secured	Foreign currency amount		
	'000		
Denominated in Ringgit Malaysia		#	2,000,543
USD	56,502	*	229,189
SGD	24,087	*	72,327
GBP	5,702	*	30,451
JPY	241,778	*	9,381
PHP	301,103	*	25,926
VND	632,227	*	115
KRW	2,750,000	*	9,900
			2,377,832
Unsecured			
Denominated in Ringgit Malaysia			2,000
RMB	3,500	*	2,132
USD	77	*	312
			4,444
			2,382,276
Long term borrowings			
Secured	Foreign currency amount		
	'000		
Denominated in Ringgit Malaysia		#	2,562,201
USD	49,304	*	200,030
GBP	14,884	*	79,518
JPY	23,468,892	*	910,593
SGD	4,058	*	12,185
RMB	489,685	*	298,399
			4,062,926
Unsecured			
Denominated in RMB	80,401	*	48,980
USD	1,321	*	5,359
			54,339
			4,117,265
Total bank borrowings			6,499,541
* Converted at the respective exchange rate prevailing as at 31 July 2016			
# Includes medium term notes			
- short term			305,000
- long term			1,088,329
			1,393,329

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- B9 There is no change in material litigation since the last annual reporting date up to the date of this announcement, other than as disclosed in Note A9, except for the following:-

On 6 November 2015, BLand announced that its 72.6% subsidiary, Berjaya Jeju Resort Limited ("BJR"), had instituted legal proceedings in the Republic of Korea against Jeju Free International City Development Center ("JDC") for the breach by JDC of certain terms and conditions set out in the Land Sale and Purchase Agreement dated 30 March 2009 ("Land SPA") entered into between BJR and JDC in relation to the proposed mixed development of an international themed village known as the "Jeju Airst City" in Jeju Island, Republic of Korea ("Jeju Project") and to claim for losses and damages incurred ("JDC Lawsuit"). JDC holds a 19% stake in BJR.

Pursuant to the Land SPA, JDC is obligated to transfer the lands acquired thereunder to BJR free from all liens, security interests and encumbrances. However, on 20 March 2015 the Supreme Court of the Republic of Korea ("Korean Supreme Court") ruled that the expropriation by JDC of certain parcels of lands which were then subsequently sold to BJR pursuant to the Land SPA was invalid. Hence JDC had breached the terms of the Land SPA as it failed to transfer good and unencumbered title to the said lands to BJR. A consequence of the Korean Supreme Court decision is that certain former owners of the said lands had filed a suit demanding that the said lands be returned to them. Under the circumstances, the on-going development works on the Jeju Project had been suspended pending the resolution of this matter by JDC with the affected landowners.

Pursuant to the financing arrangement for Phase 1 of the Jeju Project and following the suspension of the development thereon, JDC had repurchased part of the lands (under Phases 2 to 9) for KRW107.0 billion (or about RM374.5 million) and the cash proceeds were used to fully settle the loan outstanding with the financiers, and to partially settle the construction cost of Phase 1 that was due and owing to the main contractor.

On completion of the land repurchased by JDC, BJR terminated the Land SPA in respect of the remaining land under Phase 1 of the Jeju Project. At date of this announcement, a total of five court hearings have been held and JDC Lawsuit is still ongoing.

- B10 The Board does not recommend any dividend for the current quarter under review (previous year corresponding quarter ended 31 July 2015: Nil)

In the preceding quarter, the Board recommended a final share dividend distribution of 3 treasury shares for every 100 ordinary shares held for the approval of shareholders at the forthcoming Annual General Meeting.

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B11 The basic and diluted (loss)/earnings per share are calculated as follows:

	Group (3-month period)			
	31/07/2016	31/07/2015	31/07/2016	31/07/2015
	RM'000		sen	
Net (loss)/profit for the quarter	(62,677)	56,133		
Impact on statement of profit or loss upon conversion of ICULS				
- BCorp ICULS 2	2,899	3,527		
- BCorp ICULS 4	394	-		
Adjusted net (loss)/earnings for the quarter	<u>(59,384)</u>	<u>59,660</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	4,540,323	4,149,292		
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	<u>830,814</u>	<u>864,439</u>		
Number of shares used in the calculation of basic (loss)/earnings per share ('000)	<u>5,371,137</u>	<u>5,013,731</u>		
Basic (loss)/earnings per share			<u>(1.11)</u>	<u>1.19</u>
Adjusted net (loss)/earnings for the quarter	(59,384)	59,660		
Dilution effect on conversion of Redtone International Berhad ICULS	(5)	-		
Dilution effect on exercise of Berjaya Media Berhad warrants	(71)	(34)		
Dilution effect on exercise of Berjaya Food Berhad warrants	(13)	(33)		
Dilution effect on exercise of Berjaya Food Berhad share options	-	(9)		
Dilution effect on exercise of Berjaya Auto Berhad share options	-	(298)		
Dilution effect on exercise of Berjaya Assets Berhad warrants	(127)	-		
	<u>(59,600)</u>	<u>59,286</u>		
Number of shares used in the calculation of diluted earnings per share ('000)	<u>5,371,137</u>	<u>5,013,731</u>		
Diluted (loss)/earnings per share			<u>(1.11)</u>	<u>1.18</u>

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

	As at 31/07/2016 RM'000	As at 30/04/2016 RM'000 (Audited)
Total retained earnings of the Company and its subsidiaries:		
- realised	1,122,020	1,222,837
- unrealised	<u>1,423,720</u>	<u>1,441,825</u>
	2,545,740	2,664,662
Share of results from associated companies	*	*
	406,559	400,274
Share of results from joint ventures	*	*
	<u>(157,089)</u>	<u>(156,439)</u>
	2,795,210	2,908,497
Less: Consolidation adjustments	<u>(1,013,388)</u>	<u>(912,494)</u>
Total group retained earnings as per consolidated accounts	<u><u>1,781,822</u></u>	<u><u>1,996,003</u></u>

Note:

- \* It is not practical to segregate the share of results from associated companies and joint ventures to realised and unrealised earnings.

c.c. Securities Commission