

Berjaya Corporation Berhad

Company No: 554790-X

Date: 28 September 2017

Subject: **UNAUDITED QUARTERLY (Q1) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2017**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended	
	31/07/2017	31/07/2016
	RM'000	RM'000
GROUP REVENUE	2,198,682	2,224,408
PROFIT FROM OPERATIONS	138,661	172,104
Investment related income	26,078	22,601
Investment related expenses	(7,234)	(23,716)
Finance costs	(91,724)	(105,016)
Share of results of associates	(4,743)	6,285
Share of results of joint ventures	1,215	(650)
PROFIT BEFORE TAX	62,253	71,608
INCOME TAX EXPENSE	(68,259)	(113,843)
LOSS AFTER TAX	(6,006)	(42,235)
ATTRIBUTABLE TO:		
- Equity holders of the parent	(43,396)	(62,677)
- Non-controlling interests	37,390	20,442
	(6,006)	(42,235)
LOSS PER SHARE (SEN)		
- Basic, for the period	(0.73)	(1.11)
- Diluted, for the period	(0.73)	(1.11)

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 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended	
	31/07/2017	31/07/2016
	RM'000	RM'000
LOSS AFTER TAX	(6,006)	(42,235)
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	(3,872)	(4,157)
- Transferred to profit or loss due to:		
- Disposals of AFS investments	-	231
- Impairment of AFS investments	1,689	5
Foreign currency translation	(21,486)	78,919
Amortisation of gaming rights	(2,508)	(2,696)
Share of other comprehensive items of associates	(15,272)	5,298
Taxation relating to components of other comprehensive income	2,951	(144)
<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>(44,504)</u>	<u>35,455</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the parent	(71,275)	(8,523)
- Non-controlling interests	26,771	43,978
	<u>(44,504)</u>	<u>35,455</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 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/07/2017 RM'000	Group As at 30/04/2017 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	3,676,618	3,722,983
Biological assets	4,125	4,193
Investment properties	841,229	840,177
Land held for development	2,672,488	2,640,614
Investment in associated companies	1,215,450	1,215,343
Investment in joint ventures	118,558	119,707
Other investments	167,349	152,409
Other long term receivables	715,296	737,076
Intangible assets	5,501,299	5,853,796
Deferred tax assets	86,952	77,124
	<u>14,999,364</u>	<u>15,363,422</u>
Current Assets		
Development properties	978,320	978,374
Inventories	1,146,271	1,156,715
Trade and other receivables	2,111,382	2,153,619
Short term investments	11,999	11,927
Tax recoverable	81,271	90,732
Deposits with financial institutions	723,866	636,024
Cash and bank balances	994,792	1,098,273
	<u>6,047,901</u>	<u>6,125,664</u>
Assets of disposal group/Non-current assets classified as held for sale	516,217	43,462
	<u>6,564,118</u>	<u>6,169,126</u>
TOTAL ASSETS	<u>21,563,482</u>	<u>21,532,548</u>
EQUITY AND LIABILITIES		
Share capital	4,930,556	4,930,556
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - Equity component	306,848	306,848
Reserves	1,880,361	1,951,570
	<u>7,117,765</u>	<u>7,188,974</u>
Less: Treasury shares	(33,669)	(33,669)
	<u>7,084,096</u>	<u>7,155,305</u>
Non-controlling interests	3,677,183	3,663,364
Equity funds	<u>10,761,279</u>	<u>10,818,669</u>
Non-current liabilities		
Irredeemable Convertible Unsecured Loan Stocks	153,940	152,278
Long term borrowings	3,137,531	3,304,466
Provisions and other long term liabilities	237,780	244,742
Deferred tax liabilities	1,348,164	1,361,446
	<u>4,877,415</u>	<u>5,062,932</u>
Current Liabilities		
Trade and other payables	2,682,426	2,283,177
Provisions	7,608	11,672
Short term borrowings	3,004,076	3,308,755
Taxation	44,770	42,360
Derivative liability	1,887	2,208
	<u>5,740,767</u>	<u>5,648,172</u>
Liabilities directly associated with disposal groups classified as held for sale	184,021	2,775
	<u>5,924,788</u>	<u>5,650,947</u>
Total Liabilities	<u>10,802,203</u>	<u>10,713,879</u>
TOTAL EQUITY AND LIABILITIES	<u>21,563,482</u>	<u>21,532,548</u>
Basic net assets per share (sen)	139.00	140.46
Dilutive net assets per share (sen)	122.99	123.98

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 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Parent										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	Total net equity funds RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 May 2017	4,930,556	-	306,848	1,079	243	258,797	130,788	230,150	(660,083)	180,868	1,809,728	(33,669)	7,155,305	3,663,364	10,818,669
Total comprehensive income	-	-	-	5,238	-	-	(1,789)	-	136	(31,464)	(43,396)	-	(71,275)	26,771	(44,504)
Share of an associated company's effect arising from dilution on equity interest of its subsidiary company	-	-	-	-	-	-	-	-	-	-	348	-	348	-	348
Transactions with owners:															
Transfer of reserves	-	-	-	(23)	-	-	-	7,558	-	(3)	(7,532)	-	-	-	-
Share option reserves forfeited	-	-	-	-	(4)	-	-	-	-	-	-	-	(4)	-	(4)
Adjustment in relation to dilution of equity interest in subsidiary companies	-	-	-	-	-	-	-	(2,263)	-	3,378	-	-	1,115	13,893	15,008
Adjustment due to increase in equity in subsidiary companies	-	-	-	-	4	-	-	(6)	-	(3,701)	-	-	(3,703)	(3,008)	(6,711)
Adjustments arising from amortisation of gaming rights	-	-	-	-	-	-	-	-	-	1,790	-	-	1,790	(1,541)	249
Share based payment	-	-	-	-	520	-	-	-	-	-	-	-	520	669	1,189
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,965)	(22,965)
	-	-	-	(23)	520	-	-	7,558	(2,269)	(3)	(6,065)	-	(282)	(12,952)	(13,234)
At 31 July 2017	4,930,556	-	306,848	6,294	763	258,797	128,999	237,708	(662,216)	149,401	1,760,615	(33,669)	7,084,096	3,677,183	10,761,279

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 2017
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to the equity holders of the Parent											Distributable		Total net equity funds RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable											Retained earnings RM'000	Treasury shares RM'000			
	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					
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)
Transactions with owners:																
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

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 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2017	31/07/2016
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	2,407,746	2,407,174
Payments for operating expenses	(2,220,173)	(2,334,194)
Payment of taxes	(61,919)	(87,240)
Other receipts/(payments) (including tax refunds)	1,373	(4,013)
Net cash generated from/(used in) operating activities	127,027	(18,273)
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of property, plant and equipment and non-current assets	1,919	947
Disposal of investments in subsidiary companies	-	77,485
Disposal of investments in associated companies	-	284,983
Disposal of other investments	9,839	45,096
Acquisition of property, plant and equipment and non-current assets	(37,614)	(54,855)
Acquisition of investments in subsidiary companies	(8,035)	(65,851)
Acquisition of investments in an associated company and a joint venture	(132)	(7,086)
Acquisition of other investments and short term investments	(28,037)	(2,750)
Acquisition of treasury shares by subsidiary companies	-	(419)
Interest received	14,910	18,622
Dividend received	4,694	1,101
Net advances to joint ventures	(2,131)	(636)
Other receipts	22,915	6,538
Net cash (used in)/generated from investing activities	(21,672)	303,175
CASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of treasury shares by the Company	-	(2,850)
Issuance of share capital to non-controlling interests of subsidiary companies	1,922	25
Dividends paid to non-controlling interests of subsidiary companies	(2,224)	(2,865)
Interest paid	(92,640)	(99,869)
Drawdown of bank and other borrowings	681,290	223,802
Repayment of bank and other borrowings	(628,061)	(663,661)
Net withdrawal in banks as security pledges for borrowings	45,238	114,940
Net cash generated from/(used in) financing activities	5,525	(430,478)
NET CHANGE IN CASH AND CASH EQUIVALENTS	110,880	(145,576)
OPENING CASH AND CASH EQUIVALENTS	1,408,191	1,607,875
Effect of exchange rate changes	1,423	40,397
CLOSING CASH AND CASH EQUIVALENTS	1,520,494	1,502,696
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	723,866	705,820
Cash and bank balances	994,792	1,718,452
Bank overdraft (included under short term borrowings)	(51,561)	(114,379)
	1,667,097	2,309,893
Less :		
Remisiers' deposit held in trust	(13,399)	(15,717)
Clients' money held in trust	(115,518)	-
Cash and cash equivalents restricted in use	(176,722)	(804,935)
	1,476,976	1,489,241
Including: Cash and cash equivalents classified as held for sale	43,518	13,455
	1,520,494	1,502,696

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 2017

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, requirements of the Companies Act 2016 ("CA 2016") 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 2017. 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 2017.

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 2017.

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 investments	2,140
Gain on disposal of property	1,604
Loss arising from dilution of interest in an associated company	(1,528)
Impairment in value of investment in an associated company	(31)
Impairment in value of AFS investments	(1,689)
Net fair value changes of fair value through profit or loss ("FVTPL") investments	132
	<u>628</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 2017.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2017

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 2017.

Subsequent to the quarter ended 31 July 2017 and up to the date of this announcement, there were no issuance of ordinary shares pursuant to the conversion of BCorp ICULS and exercise of warrants.

(d) Treasury shares

There was no share buyback during the financial period ended 31 July 2017.

The number of treasury shares held in hand as at 31 July 2017 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares as at 31 July 2017	0.70	48,008,152	33,669

As at 31 July 2017, the number of outstanding shares in issue and fully paid up with voting rights (rounded to nearest thousand) was 4,875,583,000 (31 July 2016: 4,698,624,000) ordinary shares.

- A5 The Company did not pay any dividend in the financial period ended 31 July 2017.

- A6 Segment information for the financial period ended 31 July 2017:-

REVENUE

	External RM'000	Inter-segment RM'000	Total RM'000
Gaming operations	813,405	18,052	831,457
Financial services	12,148	92	12,240
Property investment and development	121,731	6,944	128,675
Hotels and resorts	134,020	718	134,738
Marketing of consumer products and services	945,637	23,104	968,741
Restaurants and cafes	155,127	18,013	173,140
Others	16,614	19,348	35,962
Elimination: Inter-segment Revenue	-	(86,271)	(86,271)
Total revenue	<u>2,198,682</u>	<u>-</u>	<u>2,198,682</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2017

NOTES TO THE INTERIM FINANCIAL REPORT

RESULTS

	RM'000
Gaming operations	103,979
Financial services	11,621
Property investment and development	26,430
Hotels and resorts	19,850
Marketing of consumer products and services	20,202
Restaurants and cafes	5,201
Others	(2,821)
	<u>184,462</u>
Unallocated corporate items	(45,801)
Profit from operations	<u>138,661</u>
Investment related income	
-Interest income	17,064
-Gain on disposal of other investments	2,140
-Gain on disposal of property	1,604
-Fair value changes of FVTPL investments	4,118
-Dividend income and others	1,152
	<u>26,078</u>
Investment related expenses	
-Fair value changes of FVTPL investments	(3,986)
-Impairment in value of AFS investments	(1,689)
-Loss arising from dilution of interest in associated companies	(1,528)
-Impairment in value of investment in an associated company	(31)
	<u>(7,234)</u>
Finance costs	(91,724)
Share of results of associates	(4,743)
Share of results of joint ventures	1,215
Profit before tax	<u>62,253</u>
Income tax expense	(68,259)
Loss after tax	<u><u>(6,006)</u></u>

BERJAYA CORPORATION BERHAD

(Company No: 554790 - X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2017

NOTES TO THE INTERIM FINANCIAL REPORT

- A7 There were no significant events since the end of this current quarter up to the date of this announcement.
- A8 There were no changes in the composition of the Group for the current period ended 31 July 2017, including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operations except for the following:-
- (a) On 9 June 2017, BLand announced it has acquired one ordinary share, representing 100% equity interest, in Berjaya Fukuoka Development (S) Pte Ltd ("BFDS") from Madam Teow Gek Keo for a cash consideration of SGD1.00. BFDS was incorporated in Singapore on 12 December 2012 with an issued share capital of SGD1.00 comprising one ordinary share. It has an 100% owned subsidiary company called Hakata Waterfront Development Godo Kaisha ("HWDGK"), which was incorporated in Japan on 22 October 2012. The intended principal activities of BFDS and HWDGK are investment holding and hotel and resort operation respectively.
 - (b) On 28 June 2017, BToto announced that H. R. Owen Finance Limited ("HROF"), a private limited company registered in England and Wales and an indirect subsidiary company of BToto, has been dissolved on 27 June 2017. HROF was a dormant company.
 - (c) HR Owen, a 98.38% owned subsidiary company of Berjaya Sports Toto Berhad ("BToto"), incorporated a wholly owned subsidiary company in England and Wales under the name of EDOC Holdings Limited ("EDOC"). EDOC has an issued and paid-up share capital of GBP1.00 comprising one ordinary share and its intended principal activity is investment holding.
- 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 41(2) to the financial statements regarding the matter with Armen&anor, the case regarding Armen&anor's motion to set aside the jury verdict was heard on 6 July 2017 and the Court dismissed Armen&anor's motion. Armen&anor filed a Notice of Appeal on 8 August 2017 in the Court of Appeal, Fourth Appellate District Court, Division 3, California.
- A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2017.

BERJAYA CORPORATION BERHAD

(Company No: 554790 - X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2017

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

- 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 gaming 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.

Gaming 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 RM2.2 billion and pre-tax profit of RM62.25 million in the current quarter ended 31 July 2017 as compared to a revenue of RM2.22 billion and pre-tax loss of RM71.61 million reported in the previous year corresponding 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 business segment as compared to the preceding year corresponding quarter.

Marketing of consumer products and services

The higher revenue registered by marketing and consumer products and services segment was mainly due to the motor distribution business, which achieved higher sales volume of new cars coupled with certain new models being made available for sale. However the higher revenue was offset by the lower revenue reported by the retail distribution business, attributed to weak consumer spending sentiment resulting from the slowdown in the economy.

Restaurants and cafes

The restaurants and cafes business reported a higher revenue mainly due to additional cafes operating in the current quarter.

Property investment and development

The property investment and development business registered lower revenue in the current quarter. This is because the remaining units of a property project in China has been disposed of in the previous financial year. In the previous financial year corresponding quarter, the sale of property units was high due to high demand after the Chinese government relaxed certain rules.

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Hotels and resorts

The hotels and resorts business reported a higher revenue mainly due to revenue contribution from a new hotel which started its operations in the month of October 2016.

Gaming operations

The gaming operations reported higher revenue mainly due to revenue contribution from the Vietnam operations which started its operations in second quarter of previous financial year.

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 lower contributions from property investment and development business as the remaining units of a property project in China has been disposed of in the previous financial year.

Marketing of consumer products and services

The higher pre-tax profit recorded by this segment in the current quarter was mainly due to higher pre-tax profit registered by the motor distribution business. The higher profit contribution by the motor distribution business was in tandem with the higher revenue achieved as mentioned above. However, the retail distribution business continue to incur losses in the current quarter as a result of weak consumer spending sentiment and unfavourable foreign exchange rates. Efforts have been undertaken to reduce costs and close down non-performing stores.

Restaurants and cafes

The higher pre-tax profit of restaurants and cafes business in the current quarter under review was mainly due to additional cafes operating in the current quarter.

Property investment and development

The property investment and development business contributed lower pre-tax profit mainly due to lower revenue in the current quarter.

Hotels and resorts

The hotels and resorts business reported higher pre-tax profit mainly due to contribution from a new hotel which started its operations in the month of October 2016.

Gaming 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 preceding year

For the quarter under review, the Group recorded a revenue of RM2.2 billion and pre-tax profit of RM62.25 million as compared to a revenue of RM2.23 billion and pre-tax profit of RM62.22 million reported in the preceding quarter.

Commentary on revenue

The Group recorded a marginal drop in revenue for the current quarter. The lower revenue was mainly due to lower revenue achieved by the property development and gaming segments. However, it was mitigated by higher revenue registered by the motor distribution business.

Marketing of consumer products and services

The marketing of consumer products and services segment reported higher revenue as the motor distribution business under HR Owen reported a higher sales of new and used cars in the current quarter as compared to the preceding quarter.

Restaurants and cafes

The restaurants and cafes business reported a slightly higher revenue in the current quarter as compared to the fourth quarter mainly due to additional cafes operating in the current quarter.

Property investment and development

The property investment and development business reported a lower revenue due to lower sales of properties and progress billings in the current quarter.

Hotels and resorts

The hotels and resorts business reported a higher revenue mainly due to improved occupancy rate and average room rate for the current quarter.

Gaming operations

The gaming business reported a lower revenue mainly due to lower number of draws in the current quarter.

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Commentary on pre-tax profit

The Group's pre-tax profit for the current quarter under review was comparable to the preceding quarter.

Marketing of consumer products and services

The marketing of consumer products and services reported lower pre-tax profit. Although the motor distribution business reported higher pre-tax profit attributed to reasons mentioned above, the higher pre-tax profit was offset by the higher pre-tax loss registered by the retail distribution business. The higher pre-tax loss recorded by retail distribution business was mainly due to lower sales attributed to continuous weak consumer spending sentiment and stiff competition in Malaysia and China markets as well as drop in gross profit margin due to clearance sales.

Restaurants and cafes

The lower pre-tax profit registered by restaurants and cafes business in the previous quarter was mainly due to impairment of fixed assets and intangible assets as measures were taken to curtail future losses.

Property investment and development

The property investment and development business registered lower pre-tax profit due to substantially lower progress billings in the current quarter.

Hotels and resorts

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

Gaming operations

The gaming business contributed higher pre-tax profit mainly due to lower prize payout.

B3 Future prospects

Given the prevailing economic conditions and global 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 2017.

B5 The taxation charge for the current quarter and financial period ended 31 July 2017 are detailed as follows:

	Current Quarter RM'000
Based on the results for the period:-	
Current period provision	
- In Malaysia	58,537
- Outside Malaysia	18,861
Deferred tax	(9,495)
Under provision in prior years	356
	<u>68,259</u>

The disproportionate tax charge of the Group for the current quarter/financial period ended 31 July 2017 was mainly due to certain expenses or losses being disallowed for tax purposes, certain gains which are not taxable and non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

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

	Current Quarter RM'000
Interest income	(17,064)
Dividend income	(1,152)
Loss on disposal of property, plant and equipment	(294)
Gain on disposal of other investments	(2,140)
Gain on disposal of an associated company	-
Gain on disposal of a subsidiary company	-
(Gain)/Loss on disposal of other investment	(2,140)
Fair value loss on from AFS financial assets	-
Loss arising from dilution of interest in an associated company	1,528
Depreciation of property, plant and equipment	74,871
Amortisation of intangible assets	22,481
Impairment loss on receivables	12,648
Impairment loss on amount owing from an associated company	-
Impairment in value of investment in associated companies	31
Impairment in value of AFS investment	1,689
Provision for and write off of inventories	4,864
Loss on disposal of an associated company	-
Foreign exchange gain (net)	(3,942)
Fair value changes of investment properties	-
Fair value changes of FVTPL investments (net)	<u>(132)</u>

B7 (A) There has been no further developments for those corporate proposals disclosed in Notes 46 and 47 to the audited financial statements of the Company for the financial year ended 30 April 2017.

(B) Events announced subsequent to the date of the audited financial statements:

- (i) On 15 June 2017, BToto announced that Sports Toto Malaysia Sdn Bhd, its wholly owned subsidiary company, proposed to establish a Medium Term Notes ("MTN") Programme of up to RM800.00 million in nominal value. The MTN Programme shall have a tenure of up to 15 years and the first issuance of under the MTN Programme will be made within 60 business days from 15 June 2017. The MTN Programme has been accorded a preliminary rating of AA-/Stable by the Malaysian Rating Corporation Berhad.
- (ii) On 15 September 2017, the Company announced the proposed disposal of the entire 100% equity interest in Berjaya Green Resources Environmental Engineering (Foshan) Co Ltd ("BGREE"), incorporated in the People's Republic of China ("PRC"), to Foshan Water & Environmental Investment Co Ltd ("FWEI"), a company incorporated in the PRC, for a cash consideration of about RMB78.50 million (or about RM50.87 million). FWEI will undertake to repay the amount owing by BGREE to the Company of about RM24.80 million. The proposed disposal is subject to approvals from various authorities in PRC.

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B8 Group borrowings and debt securities as at 31 July 2017 were as follows:

			At end of current quarter RM'000
Short term borrowings			
Secured			
	Foreign currency amount		
	'000		
Denominated in Ringgit Malaysia	-	#	2,066,275
USD	77,787	*	332,893
SGD	35,093	*	110,641
GBP	49,620	*	279,065
PHP	595,549	*	50,436
KRW	2,350,000	*	8,930
JPY	1,933,969	*	74,961
			2,923,201
Unsecured			
Denominated in Ringgit Malaysia			89,530
USD	54	*	231
			89,761
			3,012,962
Long term borrowings			
Secured			
	Foreign currency amount		
	'000		
Denominated in Ringgit Malaysia		#	2,314,641
USD	609	*	2,607
GBP	13,081	*	73,563
SGD	2,950	*	9,301
JPY	17,775,052	*	689,672
RMB	142,874	*	90,925
VND	190,025,000	*	38,005
PHP	145,833	*	12,349
			3,231,063
Unsecured			
Denominated in RMB	66,400	*	42,257
USD	1,255	*	5,372
			47,629
			3,278,692
Total bank borrowings (inclusive of borrowings classified as liabilities of disposal group)			6,291,654
* Converted at the respective exchange rates prevailing as at 31 July 2017			
# Includes medium term notes			
- short term			844,100
- long term			874,220
			1,718,320

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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:-

- (a) 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 the sixth court hearings on 14 October 2016, the presiding judge had agreed to BJR's application to conduct land price appraisal of Jeju Project. The presiding judge had also made an inspection of the Jeju Project site on 25 November 2016. As at the date of this announcement, the land price appraisal report of the Jeju Project has been completed by the court appointed land appraisal company and the land price appraisal report has been submitted directly to the court. The JDC Lawsuit is still ongoing.

- (b) Philippine Gaming Management Corporation ("PGMC"), an 88.26%-owned subsidiary company of BToto, commenced arbitration proceedings against Philippine Charity Sweepstakes Office ("PCSO") at the International Chamber of Commerce, International Court of Arbitration, pursuant to an interim agreement between PGMC and the PCSO whereby the parties agreed to resort to arbitration in order to settle issues regarding PGMC's exclusivity as an online lottery lessor of PCSO in Luzon, Philippines. On 13 August 2015, PGMC and PCSO entered into a supplemental and status quo agreement to maintain the status quo existing as provided for in an interim settlement agreement for a period of three (3) years from 22 August 2015 until 21 August 2018, pending the resolution of the issue on the exclusivity rights through arbitration proceedings. The arbitration proceedings is still on-going.

On 15 August 2017, BToto announced that the Regional Trial Court of Makati had on 10 August 2017 issued a Writ of Preliminary Injunction ("Writ") against PCSO, the lessee of PGMC. The Writ restrains PCSO from conducting or continuing with the public bidding process or performing any act that will violate PGMC's right as exclusive supplier of lottery equipment to PCSO in the Luzon territory.

B10 The Board does not recommend any dividend for the current quarter under review (previous year corresponding quarter ended 31 July 2016: Nil).

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

	Group (3-month period)			
	31/07/2017	31/07/2016	31/07/2017	31/07/2016
	RM'000		sen	
Net loss for the quarter	(43,396)	(62,677)		
Impact on statement of profit or loss upon conversion of ICULS				
- BCorp ICULS 2	2,410	2,899		
- BCorp ICULS 4	202	394		
Adjusted net loss for the quarter	<u>(40,784)</u>	<u>(59,384)</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	4,875,583	4,540,323		
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	<u>747,835</u>	<u>830,814</u>		
Number of shares used in the calculation of basic loss per share ('000)	<u>5,623,418</u>	<u>5,371,137</u>		
Basic loss per share			<u>(0.73)</u>	<u>(1.11)</u>
Adjusted net loss for the quarter	(40,784)	(59,384)		
Dilution effect on conversion of Redtone International Berhad ICULS	(1)	(5)		
Dilution effect on exercise of Berjaya Media Berhad warrants	-	(71)		
Dilution effect on exercise of Berjaya Food Berhad warrants	(14)	(13)		
Dilution effect on exercise of Berjaya Assets Berhad warrants	<u>(374)</u>	<u>-</u>		
	<u>(41,173)</u>	<u>(59,473)</u>		
Number of shares used in the calculation of diluted earnings/(loss) per share ('000)	<u>5,623,418</u>	<u>5,371,137</u>		
Diluted loss per share			<u>(0.73)</u>	<u>(1.11)</u>

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

	As at 31/07/2017 RM'000	As at 30/04/2017 RM'000 (Audited)
Total retained earnings of the Company and its subsidiaries:		
- realised	1,579,183	1,654,555
- unrealised	<u>793,938</u>	<u>750,687</u>
	2,373,121	2,405,242
Share of results from associated companies	*	*
	456,444	461,187
Share of results from joint ventures	*	*
	<u>(156,924)</u>	<u>(158,139)</u>
	2,672,641	2,708,290
Less: Consolidation adjustments	<u>(912,040)</u>	<u>(898,562)</u>
Total group retained earnings as per consolidated accounts	<u><u>1,760,601</u></u>	<u><u>1,809,728</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