

# **Berjaya Corporation Berhad**

Company No: 554790-X

Date: 28 September 2018

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

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|                                    | 3 months ended |            |
|------------------------------------|----------------|------------|
|                                    | 31-07-2018     | 31-07-2017 |
|                                    | RM'000         | RM'000     |
| GROUP REVENUE                      | 2,142,407      | 2,198,682  |
| PROFIT FROM OPERATIONS             | 147,241        | 138,661    |
| Investment related income          | 105,993        | 26,078     |
| Investment related expenses        | (4)            | (7,234)    |
| Finance costs                      | (91,867)       | (91,724)   |
| Share of results of associates     | (1,044)        | (4,743)    |
| Share of results of joint ventures | (996)          | 1,215      |
| PROFIT BEFORE TAX                  | 159,323        | 62,253     |
| INCOME TAX EXPENSE                 | (82,418)       | (68,259)   |
| PROFIT/(LOSS) AFTER TAX            | 76,905         | (6,006)    |
| ATTRIBUTABLE TO:                   |                |            |
| - Equity holders of the parent     | 35,057         | (43,396)   |
| - Non-controlling interests        | 41,848         | 37,390     |
|                                    | 76,905         | (6,006)    |
| EARNINGS/(LOSS) PER SHARE (SEN)    |                |            |
| - Basic, for the period            | 0.66           | (0.73)     |
| - Diluted, for the period          | 0.66           | (0.73)     |

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 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | <u>3 months ended</u> |                   |
|--|-----------------------|-------------------|
|  | <u>31-07-2018</u>     | <u>31-07-2017</u> |
|  | RM'000                | RM'000            |
| PROFIT/(LOSS) AFTER TAX  | 76,905                | (6,006)           |
| 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)           |
| - Transferred to profit or loss due to impairment of AFS investments                                 | -                     | 1,689             |
| Foreign currency translation   | (67,029)              | (21,486)          |
| Amortisation of gaming rights  | -                     | (2,508)           |
| Share of other comprehensive items of associates   | (43,543)              | (15,272)          |
| Taxation relating to components of other comprehensive income  | 507                   | 2,951             |
| <u>Items that will not be reclassified subsequently to profit or loss</u>                            |                       |                   |
| Net changes in fair value of investments at fair value through other comprehensive income ("FVTOCI") | 8,809                 | -                 |
| Share of an associated company's changes in fair value of financial assets - other investments       | (176)                 | -                 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD  | <u>(24,527)</u>       | <u>(44,504)</u>   |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:  |                       |                   |
| - Equity holders of the parent   | (50,194)              | (71,275)          |
| - Non-controlling interests  | 25,667                | 26,771            |
|  | <u>(24,527)</u>       | <u>(44,504)</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 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  | Group<br>As at<br>31-07-2018<br>RM'000 | Group<br>As at<br>30-04-2018<br>RM'000<br>(Audited) |
|--|--|---|
| <b>ASSETS</b>  |  |   |
| <b>Non-current assets</b>  |  |   |
| Property, plant and equipment  | 3,457,991                              | 3,461,128   |
| Biological assets  | 3,855                                  | 3,923   |
| Investment properties  | 877,691                                | 877,871   |
| Land held for development  | 1,871,518                              | 1,867,476   |
| Investment in associated companies   | 1,180,809                              | 1,189,135   |
| Investment in joint ventures   | 106,632                                | 105,586   |
| Other investments  | 171,397                                | 148,954   |
| Other long term receivables  | 1,537,249                              | 1,552,280   |
| Intangible assets  | 5,683,982                              | 5,695,064   |
| Deferred tax assets  | 74,917                                 | 67,465  |
|  | <u>14,966,041</u>                      | <u>14,968,882</u>                                   |
| <b>Current Assets</b>  |  |   |
| Inventories - Development properties   | 321,726                                | 310,629   |
| Inventories - Completed properties and others                                    | 1,760,888                              | 1,764,324   |
| Trade and other receivables  | 1,564,810                              | 1,545,685   |
| Contract assets  | 13,090                                 | -   |
| Short term investments   | 39,900                                 | 44,362  |
| Tax recoverable  | 62,984                                 | 72,473  |
| Deposits with financial institutions   | 687,134                                | 710,830   |
| Cash and bank balances   | 889,418                                | 920,816   |
|  | <u>5,339,950</u>                       | <u>5,369,119</u>                                    |
| Assets of disposal group/Non-current assets classified as held for sale          | 224,003                                | 489,488   |
|  | <u>5,563,953</u>                       | <u>5,858,607</u>                                    |
| <b>TOTAL ASSETS</b>  | <u>20,529,994</u>                      | <u>20,827,489</u>                                   |
| <b>EQUITY AND LIABILITIES</b>  |  |   |
| Share capital  | 4,930,556                              | 4,930,556   |
| Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - Equity component      | 306,739                                | 306,739   |
| Reserves   | 1,404,350                              | 1,607,189   |
|  | <u>6,641,645</u>                       | <u>6,844,484</u>                                    |
| Less: Treasury shares  | (33,964)                               | (33,669)  |
|  | <u>6,607,681</u>                       | <u>6,810,815</u>                                    |
| Non-controlling interests  | 3,433,617                              | 3,514,472   |
| <b>Equity funds</b>  | <u>10,041,298</u>                      | <u>10,325,287</u>                                   |
| <b>Non-current liabilities</b>   |  |   |
| Irredeemable Convertible Unsecured Loan Stocks                                   | 129,241                                | 128,193   |
| Long term borrowings   | 2,639,615                              | 3,587,054   |
| Provisions and other long term liabilities                                       | 589,990                                | 250,606   |
| Deferred tax liabilities   | 1,363,800                              | 1,355,570   |
|  | <u>4,722,646</u>                       | <u>5,321,423</u>                                    |
| <b>Current Liabilities</b>   |  |   |
| Trade and other payables   | 2,537,105                              | 2,441,453   |
| Provisions   | 7,335                                  | 7,071   |
| Short term borrowings  | 3,159,088                              | 2,633,185   |
| Taxation   | 59,511                                 | 52,690  |
|  | <u>5,763,039</u>                       | <u>5,134,399</u>                                    |
| Liabilities directly associated with disposal groups classified as held for sale | 3,011                                  | 46,380  |
|  | <u>5,766,050</u>                       | <u>5,180,779</u>                                    |
| <b>Total Liabilities</b>   | <u>10,488,696</u>                      | <u>10,502,202</u>                                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>20,529,994</u>                      | <u>20,827,489</u>                                   |
| Basic net assets per share (sen)   | 129.26                                 | 133.40  |
| Dilutive net assets per share (sen)  | 115.87                                 | 118.73  |

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 2018  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Attributable to the equity holders of the Parent |  |                           |   |                              |                                       |                                 |                                  |                               |                                    | Distributable  |                                |                              |  |  |                           |
|--|--|--|---------------------------|---|------------------------------|---------------------------------------|---------------------------------|----------------------------------|-------------------------------|------------------------------------|--|--------------------------------|------------------------------|--|--|---------------------------|
|  | Share capital<br>RM'000                          | ICULS -<br>equity<br>component #<br>RM'000 | AFS<br>reserves<br>RM'000 | Reserve of<br>disposal<br>group<br>classified as<br>held for sale<br>RM'000 | FVTOCI<br>reserves<br>RM'000 | Share<br>option<br>reserves<br>RM'000 | Warrants<br>reserve ^<br>RM'000 | Fair value<br>reserves<br>RM'000 | Capital<br>reserves<br>RM'000 | Consolidation<br>reserve<br>RM'000 | Foreign<br>currency<br>translation<br>reserves<br>RM'000 | Retained<br>earnings<br>RM'000 | Treasury<br>shares<br>RM'000 | Total net<br>equity<br>funds<br>RM'000 | Non-<br>controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
| At 1 May 2018 (as reported)  | 4,930,556  | 306,739                                    | 2,832                     | 111,775   | -                            | 1,524                                 | 258,797                         | 167,227                          | 224,820                       | (626,840)                          | 87,665   | 1,379,389                      | (33,669)                     | 6,810,815                              | 3,514,472                                  | 10,325,287                |
| Effect of adoption of MFRS 9   | -  | -  | (2,832)                   | -   | (31,140)                     | -                                     | -                               | -                                | -                             | -                                  | -  | 33,972                         | -                            | -                                      | -  | -                         |
| Effect of adoption of MFRS 15  | -  | -  | -                         | -   | -                            | -                                     | -                               | -                                | -                             | -                                  | -  | (157,353)                      | -                            | (157,353)                              | (52,713)                                   | (210,066)                 |
| At 1 May 2018 (as restated)  | 4,930,556  | 306,739                                    | -                         | 111,775   | (31,140)                     | 1,524                                 | 258,797                         | 167,227                          | 224,820                       | (626,840)                          | 87,665   | 1,256,008                      | (33,669)                     | 6,653,462                              | 3,461,759                                  | 10,115,221                |
| Total comprehensive income   | -  | -  | -                         | -   | 1,621                        | -                                     | -                               | -                                | (7)                           | -                                  | (86,865)   | 35,057                         | -                            | (50,194)                               | 25,667                                     | (24,527)                  |
| <b>Transactions with owners:</b>   |  |  |                           |   |                              |                                       |                                 |                                  |                               |                                    |  |                                |                              |  |  |                           |
| Transfer of reserves   | -  | -  | -                         | (111,775)   | -                            | (1)                                   | -                               | -                                | 7                             | -                                  | 3,508  | 108,261                        | -                            | -                                      | -  | -                         |
| Treasury shares acquired   | -  | -  | -                         | -   | -                            | -                                     | -                               | -                                | -                             | -                                  | -  | (295)                          | -                            | (295)                                  | -  | (295)                     |
| Adjustment in relation to dilution<br>of equity interest in subsidiary companies | -  | -  | -                         | -   | -                            | 15                                    | -                               | -                                | -                             | (178)                              | -  | -                              | -                            | (163)                                  | 17,233                                     | 17,070                    |
| Adjustment due to increase in<br>equity in subsidiary companies                  | -  | -  | -                         | -   | -                            | -                                     | -                               | -                                | -                             | 4,896                              | -  | (249)                          | -                            | 4,647                                  | (8,570)                                    | (3,923)                   |
| Disposal of a subsidiary company   | -  | -  | -                         | -   | -                            | -                                     | -                               | -                                | -                             | -                                  | -  | -                              | -                            | -                                      | (32,996)                                   | (32,996)                  |
| Share based payment  | -  | -  | -                         | -   | -                            | 224                                   | -                               | -                                | -                             | -                                  | -  | -                              | -                            | 224                                    | 325  | 549                       |
| Dividends paid to non-controlling interests                                      | -  | -  | -                         | -   | -                            | -                                     | -                               | -                                | -                             | -                                  | -  | -                              | -                            | -                                      | (29,801)                                   | (29,801)                  |
|  | -  | -  | -                         | (111,775)   | -                            | 238                                   | -                               | -                                | 7                             | 4,718                              | 3,508  | 108,012                        | (295)                        | 4,413                                  | (53,809)                                   | (49,396)                  |
| At 31 July 2018  | 4,930,556  | 306,739                                    | -                         | -   | (29,519)                     | 1,762                                 | 258,797                         | 167,227                          | 224,820                       | (622,122)                          | 4,308  | 1,399,077                      | (33,964)                     | 6,607,681                              | 3,433,617                                  | 10,041,298                |

## 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 2018  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | 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 | 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 |
| 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                    |
| <b>Transactions with owners:</b>   |  |                      |                                   |                     |  |                              |                           |                            |                         |                              |  |                               |                                  |                     |                          |                        |
| 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

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 2018

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|  | 3 months ended          |                         |
|--|-------------------------|-------------------------|
|  | 31-07-2018<br>RM'000    | 31-07-2017<br>RM'000    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                     |                         |                         |
| Receipts from operations   | 2,207,031               | 2,407,746               |
| Payments for operating expenses  | (2,111,982)             | (2,220,173)             |
| Payment of taxes   | (64,423)                | (61,919)                |
| Other receipts (including tax refunds)   | 29,725                  | 1,373                   |
| Net cash generated from operating activities                                   | <u>60,351</u>           | <u>127,027</u>          |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                     |                         |                         |
| Disposal of property, plant and equipment and non-current assets               | 15,257                  | 1,919                   |
| Disposal of investments in subsidiary company                                  | 217,354                 | -                       |
| Disposal of other investments  | -                       | 9,839                   |
| Acquisition of property, plant and equipment and non-current assets            | (40,150)                | (37,614)                |
| Acquisition of investments in subsidiary companies                             | (5,338)                 | (8,035)                 |
| Acquisition of investments in associated companies and a joint venture         | (2,142)                 | (132)                   |
| Acquisition of other investments and short term investments                    | (11,528)                | (28,037)                |
| Acquisition of treasury shares by subsidiary companies                         | (837)                   | -                       |
| Interest received  | 9,649                   | 14,910                  |
| Dividend received  | 2,345                   | 4,694                   |
| Repayment from/(advances to) joint ventures                                    | 13,804                  | (2,131)                 |
| Other receipts   | 70,254                  | 22,915                  |
| Net cash generated from/(used in) investing activities                         | <u>268,668</u>          | <u>(21,672)</u>         |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                     |                         |                         |
| Issuance of share capital to non-controlling interests of subsidiary companies | 300                     | 1,922                   |
| Issuance of medium term notes by subsidiary company                            | 245,000                 | 280,000                 |
| Redemption of medium term notes  | (300,000)               | (255,000)               |
| Dividends paid to non-controlling interests of subsidiary companies            | (29,259)                | (2,224)                 |
| Interest paid  | (97,663)                | (92,640)                |
| Drawdown of bank and other borrowings  | 161,377                 | 401,290                 |
| Repayment of bank and other borrowings   | (427,957)               | (373,061)               |
| Net (placement to)/withdrawal from banks as security pledges for borrowings    | (20,473)                | 45,238                  |
| Net cash (used in)/generated from financing activities                         | <u>(468,675)</u>        | <u>5,525</u>            |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                 | <b>(139,656)</b>        | <b>110,880</b>          |
| <b>OPENING CASH AND CASH EQUIVALENTS</b>                                       | <b>1,443,596</b>        | <b>1,408,191</b>        |
| Effect of exchange rate changes  | (5,186)                 | 1,423                   |
| <b>CLOSING CASH AND CASH EQUIVALENTS</b>                                       | <b><u>1,298,754</u></b> | <b><u>1,520,494</u></b> |
| Cash and cash equivalents carried forward comprise:                            | RM'000                  | RM'000                  |
| Deposits with financial institutions   | 687,134                 | 723,866                 |
| Cash and bank balances   | 889,418                 | 994,792                 |
| Bank overdraft (included under short term borrowings)                          | (56,740)                | (51,561)                |
|  | <u>1,519,812</u>        | <u>1,667,097</u>        |
| Less :   |                         |                         |
| Remisiers' deposit held in trust   | (12,256)                | (13,399)                |
| Clients' money held in trust   | -                       | (115,518)               |
| Cash and cash equivalents restricted in use                                    | (208,802)               | (176,722)               |
|  | <u>1,298,754</u>        | <u>1,476,976</u>        |
| Including: Cash and cash equivalents classified as held for sale               | -                       | 43,518                  |
|  | <u>1,298,754</u>        | <u>1,520,494</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 2018

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The interim financial report is not audited and has been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") 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 2018. 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 2018.

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

The financial statements of the Group for the quarter ended 31 July 2018 are the first set of interim financial report prepared in accordance with the MFRS Framework, hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. The MFRS Framework is effective for the Group from 1 May 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant interim financial report is 1 May 2017.

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRSs. The Group has elected not to apply MFRS 3 Business Combinations and MFRS 10 Consolidated Financial Statements retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRS Framework.

The two newly effective standards which were adopted pursuant to the adoption of the MFRS Framework, namely MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments have resulted in the following key changes to the financial statements:

### **MFRS 9: Financial Instruments**

MFRS 9 introduces new requirements for classification and measurements, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

#### **i. Classification and measurements**

There is no significant impact on the statements of financial position on applying the classification and measurement requirements of MFRS 9. All financial assets will continue to be held at fair value, quoted equity shares classified as available-for-sale ("AFS") will continue to record gains and losses in other comprehensive income ("OCI"). The equity shares in non-quoted companies are intended to be held for the foreseeable future and the Group will apply the option to present its fair value changes in OCI.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.



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NOTES TO THE INTERIM FINANCIAL REPORT

**MFRS 9: Financial Instruments (Continue)**

ii. **Impairment**

Under MFRS 9, the Group is required to record expected credit loss on its trade and other receivables either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected credit losses on its trade receivables.

The trade receivables mainly consist of creditworthy debtors with good payment records and debtors with no concerns on the credit worthiness. The Group minimises credit risk by dealing with high credit rating counterparties, application of credit approval limits and continuous monitoring procedures. There is no significant impact to the Group's financial statements from the impairment based on the expected credit loss model on its trade receivables.

For other non-trade receivables, there is no significant impact to the Group's financial statements.

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

**MFRS 15: Revenue from Contracts with Customers**

MFRS 15 established a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 superseded previous revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when control of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has adopted the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach.

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## NOTES TO THE INTERIM FINANCIAL REPORT

The Group had reassessed the total financial impact on the Group's financial statements upon adoption of MFRS 9 and MFRS 15 on 1 May 2018 which have been summarised in the table below.

The Group evaluated and concluded that there is no element of financing present as the Group's sale of goods and services are either on cash terms or on credit terms of up to 60 days.

**Financial impact**

The financial impact from the initial adoption of MFRS 9 and MFRS 15 as at 1 May 2018 are as follows:

|                                       | As<br>previously<br>stated<br>RM'000 | Effects of<br>adoption<br>MFRS 9<br>RM'000 | Effects of<br>adoption<br>MFRS 15<br>RM'000 | As<br>restated<br>RM'000 |
|---------------------------------------|--------------------------------------|--|---|--------------------------|
| Increase/(decrease):                  |                                      |  |   |                          |
| AFS reserves                          | 2,832                                | (2,832)                                    | -   | -                        |
| FVTOCI reserves                       | -                                    | (31,140)                                   | -   | (31,140)                 |
| Retained earnings                     | 1,379,389                            | 33,972                                     | (157,353)                                   | 1,256,008                |
| Inventories - Development properties  | 310,629                              | -  | 600   | 311,229                  |
| Trade and other receivables (current) | 1,545,685                            | -  | 4,227                                       | 1,549,912                |
| Contract assets                       | -                                    | -  | 13,178                                      | 13,178                   |
| Trade and other payables (current)    | 2,441,453                            | -  | (13,665)                                    | 2,427,788                |
| Provisions - Retirement benefits      | 6,757                                | -  | 90  | 6,847                    |
| Other long term liabilities           | 205,273                              | -  | 241,646                                     | 446,919                  |
| Non-controlling interests             | 3,514,472                            | -  | (52,713)                                    | 3,461,759                |

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## NOTES TO THE INTERIM FINANCIAL REPORT

- A2 The following business operations of the Group are affected by seasonal or cyclical factors:
- the property development segment is affected by the prevailing cyclical economic conditions.
  - the stock and futures broking businesses are influenced by the performance of the stock market.
  - 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.
  - 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<br>Quarter<br>RM'000 |
|--|------------------------------|
| Gain on disposal of a subsidiary company   | 76,644                       |
| Net fair value changes of fair value through<br>profit or loss ("FVTPL") investments | 1,941                        |
| Net fair value changes of investment properties                                      | 40                           |
| Reversal of impairment in associated companies                                       | 269                          |
|  | <u>78,894</u>                |

Statement of financial position

The management had identified certain group of companies, which the management has intention to dispose of, and reclassified the assets and liabilities associated to these companies as held for sales in accordance to MFRS 5: Non-current assets held for sale and discontinued operations.

- (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 2018.

- 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 2018 except for the following (rounded to nearest thousand):

- (a) Treasury shares

1,000,000 units of ordinary shares were bought back and held as treasury shares with none of these shares being cancelled or sold.

The details of the share buyback during the financial period ended 31 July 2018 are as follows:

| Month     | Price per share (RM) |         |         | Number of<br>shares | Total<br>consideration<br>RM'000 |
|-----------|----------------------|---------|---------|---------------------|----------------------------------|
|           | Lowest               | Highest | Average |                     |                                  |
| July 2018 | 0.295                | 0.295   | 0.295   | 1,000,000           | 295                              |
|           |                      |         | 0.295   | 1,000,000           | 295                              |

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## NOTES TO THE INTERIM FINANCIAL REPORT

The number of treasury shares held in hand as at 31 July 2018 are as follows:

|  | Average price per share RM | Number of shares | Amount RM'000 |
|--|----------------------------|------------------|---------------|
| Balance as at 30 April 2018              | 0.70                       | 48,008,152       | 33,669        |
| Increase in treasury shares              | 0.295                      | 1,000,000        | 295           |
| Total treasury shares as at 31 July 2018 | 0.69                       | 49,008,152       | 33,964        |

As at 31 July 2018, the number of outstanding shares in issue with voting rights (rounded to nearest thousand) was 4,874,583,000 (31 July 2017: 4,875,583,000) ordinary shares.

Subsequent to the quarter ended 31 July 2018 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.

A5 The Company did not pay any dividend in the financial period ended 31 July 2018.

A6 Segment information for the financial year ended 31 July 2018:-

## REVENUE

|   | External RM'000 | Inter-segment RM'000 | Total RM'000 |
|---|-----------------|----------------------|--------------|
| Gaming operations                           | 774,243         | 37,583               | 811,826      |
| Financial services                          | 17,186          | 625                  | 17,811       |
| Property investment and development         | 82,070          | 6,784                | 88,854       |
| Hotels and resorts                          | 130,277         | 177                  | 130,454      |
| Marketing of consumer products and services | 943,483         | 22,561               | 966,044      |
| Restaurants and cafes                       | 173,349         | 316                  | 173,665      |
| Others                                      | 21,799          | 6,212                | 28,011       |
| Elimination: Inter-segment Revenue          | -               | (74,258)             | (74,258)     |
| Total revenue                               | 2,142,407       | -                    | 2,142,407    |

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## NOTES TO THE INTERIM FINANCIAL REPORT

## RESULTS

|   | RM'000               |
|---|----------------------|
| Gaming operations                               | 122,112              |
| Financial services                              | 9,673                |
| Property investment and development             | 5,450                |
| Hotels and resorts                              | 16,756               |
| Marketing of consumer products and services     | 28,592               |
| Restaurants and cafes                           | 6,395                |
| Others  | (7,397)              |
|   | <u>181,581</u>       |
| Unallocated corporate items                     | (34,340)             |
| Profit from operations                          | <u>147,241</u>       |
| Investment related income                       |                      |
| -Interest income                                | 24,934               |
| -Gain on disposal of a subsidiary company       | 76,644               |
| -Fair value gain on FVTPL investments           | 1,945                |
| -Fair value gain on investment property         | 40                   |
| -Reversal of impairment in associated companies | 269                  |
| -Dividend income and others                     | 2,161                |
|   | <u>105,993</u>       |
| Investment related expenses                     |                      |
| -Fair value loss on FVTPL investment            | <u>(4)</u>           |
|   | (4)                  |
| Finance costs                                   | (91,867)             |
| Share of results of associates                  | (1,044)              |
| Share of results of joint ventures              | (996)                |
| Profit before tax                               | <u>159,323</u>       |
| Income tax expense                              | (82,418)             |
| Profit after tax                                | <u><u>76,905</u></u> |

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**NOTES TO THE INTERIM FINANCIAL REPORT**

- A7 There were no significant events since the end of this current quarter that have not been reflected in the financial statements for this current financial quarter under review.
- A8 There were no changes in the composition of the Group for the current period ended 31 July 2018, including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operations except for the following:-
- (a) On 25 June 2018, the Company announced the completion of the disposal of DSG Holdings Limited ("DSG") to Besino Environment Limited ("Besino"), a company incorporated in the People's Republic of China ("PRC"). Previously on 6 March 2018, the Company announced that the Company and other shareholders of DSG, namely Earthlodge Investments Limited and Elque Resources Sdn Bhd, have entered into an agreement with Besino for the proposed disposal of their entire equity interest comprising 10.00 million ordinary shares in DSG to Besino or its affiliate for a total cash consideration of RMB508 million (about RM312.93 million). The Company's portion of the sale proceeds is RMB431.80 million (about RM265.99 million).
  - (b) On 13 July 2018, the Company announced that Berjaya HR Cafe Limited, its wholly owned subsidiary company, subscribed for 19,600 common stocks representing a 98% equity interest in Just KPop Limited ("JKP") at par value of KRW5,000 each for a total consideration of KRW98 million (about RM354,000). The intended principal activities of JKP are to carry out food and beverages businesses and restaurants.
  - (c) Berjaya HT Eco Company Limited ("BHTEL") was incorporated by Berjaya Myanmar Holdings Sdn Bhd ("BMHSB"), a wholly owned subsidiary of Berjaya Land Berhad. Subsequently, BHTEL became a 90%-owned subsidiary company of BMHSB. The intended principal activities of BHTEL are to carry on the service business relating to provision of consultation and technical services for property development projects.
- A9 There were no material changes in contingent liabilities or contingent asset since the last annual reporting date.
- A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2018.

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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 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.

The summarised results of the Group are as follows:

|                        | <b>3-Month Ended</b> |                  |                |
|------------------------|----------------------|------------------|----------------|
|                        | <b>31-Jul-18</b>     | <b>31-Jul-17</b> | <b>+ / (-)</b> |
|                        | <b>RM'000</b>        | <b>RM'000</b>    | <b>%</b>       |
| Revenue                | 2,142,407            | 2,198,682        | (3)            |
| Profit from operations | <u>147,241</u>       | <u>138,661</u>   | <u>6</u>       |
| Profit before tax      | <u>159,323</u>       | <u>62,253</u>    | <u>156</u>     |

**Review of results for the quarter**

The Group registered a revenue of RM2.14 billion and pre-tax profit of RM159.32 million in the current quarter ended 31 July 2018 as compared to revenue of RM2.2 billion and pre-tax profit of RM62.25 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 the property investment and development business segment as compared to the preceding year corresponding quarter.

Marketing of consumer products and services

The marketing of consumer products and services segment reported lower revenue. This was mainly due to the retail distribution business being affected by the weak consumer sentiment, the intense competition as well as the absence of any major product launches but this was mitigated by higher revenue from the motor distribution business. The motor distribution business reported higher revenue from new vehicle sales.

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### Restaurants and cafes

The restaurants and cafes segment reported a higher revenue mainly due to same-store sales growth by Starbucks as well as additional Starbucks cafes operating in Malaysia compared to previous year corresponding quarter .

### Property investment and development

The property investment and development segment registered lower revenue in the current quarter. This was due to the lower contribution from the Group's foreign projects as well as lower progress billings in the current quarter.

### Hotels and resorts

The hotels and resorts segment reported a lower revenue mainly due to lower occupancy rates.

### Gaming operations

The gaming operations reported higher revenue mainly due to higher contribution from the Malaysian and Vietnamese operations.

### Commentary on pre-tax profit

The increase in the pre-tax profit in the current quarter was mainly due to the gain on disposal of a subsidiary company amounting to RM76.6 million as disclosed in A3 (a)(i). The higher operating profit for the current quarter was mainly due to higher contribution from the gaming operations segment.

### Marketing of consumer products and services

The marketing of consumer products and services segment reported lower pre-tax losses. This was mainly due to the lower operating expenses recorded by the retail distribution business following its implementation of a rationalisation exercise in the prior years to close non-performing stores and reduce operating expenses. The higher pre-tax profit reported by motor distribution business, in tandem with higher sales, also helped to lower the losses in this segment.

### Restaurants and cafes

The higher pre-tax profit of restaurants and cafes segment in the current quarter under review was mainly due to higher profit contribution from Starbucks operations in tandem with the higher revenue achieved. In addition, there was no consolidation of the losses from the Group's Kenny Rogers Roasters ("KRR") operation in Indonesia, following its disposal in the previous financial year.

### Property investment and development

The property investment and development segment contributed lower pre-tax profit mainly due to lower revenue as mentioned above.

### Hotels and resorts

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

### Gaming operations

The gaming operations reported higher pre-tax profit mainly due to the lower prize payout and lower operating expenses.



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**B2 Review of results of current quarter vs preceding quarter**

|                          | 3-Month Ended    |                  |
|--------------------------|------------------|------------------|
|                          | 31-Jul-18        | 30 Apr-2018      |
|                          | RM'000           | RM'000           |
| Revenue                  | <u>2,142,407</u> | <u>2,111,807</u> |
| Profit from operations   | <u>147,241</u>   | <u>38,771</u>    |
| Profit/(Loss) before tax | <u>159,323</u>   | <u>(43,048)</u>  |

For the quarter under review, the Group recorded a revenue of RM2.14 billion and pre-tax profit of RM159.32 million as compared to a revenue of RM2.11 billion and pre-tax loss RM43.05 million reported in the preceding quarter.

**Commentary on revenue**

The Group recorded an increase in revenue for the current quarter. The higher revenue was mainly due to higher revenue achieved by marketing of consumer products and services segment.

**Marketing of consumer products and services**

The marketing of consumer products and services segment reported higher revenue as compared to the preceding quarter, mainly due to the motor distribution business which reported an increase in revenue from higher new vehicles sales.

**Restaurants and cafes**

The marginal decrease in revenue was mainly due to the cessation of operations of Hard Rock Cafe in Korea in the current quarter.

**Property investment and development**

The lower revenue reported by property investment and development segment in the current quarter was due to lower progress billings in the current quarter.

**Hotels and resorts**

The hotels and resorts segment reported a lower revenue mainly due to lower occupancy rates.

**Gaming operations**

The gaming operations reported lower revenue mainly due to lower contribution from Malaysia operations. The lower revenue reported by Sports Toto Malaysia Sdn Bhd ("STM") was mainly due to having lower number of draws coupled with the impact of the soccer World Cup season in the current quarter. In addition, in the preceding quarter STM had benefitted from the seasonally higher sales during the Chinese New Year festive season.

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Commentary on pre-tax profit

The pre-tax profit reported in the current quarter was mainly from gaming operations and marketing of consumer products and services segments. In addition, there was a RM76.6 million gain from the disposal of a subsidiary company as disclosed in A3 (a)(i).

Marketing of consumer products and services

The marketing of consumer products and services segment reported lower pre-tax losses as compared to the preceding quarter mainly due to a much lower impairment of inventories and cost savings.

Restaurants and cafes

The higher pre-tax profit of the restaurants and cafes segment was mainly due to higher contribution from Starbucks operations in tandem with the higher revenue achieved as well as lower loss incurred by KRR operations in Malaysia in the current quarter under review.

Property investment and development

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

Hotels and resorts

The hotels and resorts segment reported higher pre-tax profit as compared to the previous quarter mainly due to better average room rates in the current quarter.

Gaming operations

The gaming operations reported higher pre-tax mainly due to the lower prize payout and lower operating expenses.

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 challenging going forward.

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

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

|                                       | Current<br>Quarter<br>RM'000 |
|---------------------------------------|------------------------------|
| Based on the results for the period:- |                              |
| Current period provision              |                              |
| - In Malaysia                         | 49,886                       |
| - Outside Malaysia                    | 15,408                       |
| Deferred tax                          | 17,285                       |
| Over provision in prior years         | (161)                        |
|                                       | <u>82,418</u>                |

The disproportionate tax charge of the Group for the current quarter/financial period ended 31 July 2018 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 before tax is stated after charging/(crediting):

|   | Current<br>Quarter<br>RM'000 |
|---|------------------------------|
| Interest income   | (24,934)                     |
| Dividend income   | (2,161)                      |
| Gain on disposal of property, plant and equipment               | (309)                        |
| Gain on disposal of other investments                           | -                            |
| Gain on disposal of a subsidiary company                        | (76,644)                     |
| Gain on disposal of other investments                           | -                            |
| Reversal of impairment in associated companies                  | (269)                        |
| Loss arising from disposal of a subsidiary company              | -                            |
| Loss arising from dilution of interest in an associated company | -                            |
| Depreciation of property, plant and equipment                   | 52,587                       |
| Amortisation of intangible assets                               | 14,971                       |
| Impairment loss on receivables                                  | 464                          |
| Impairment of property, plant and equipment                     | -                            |
| Impairment in value of investment in associated companies       | -                            |
| Provision for and write off of inventories                      | 17,340                       |
| Loss on partial disposal of an associated company               | -                            |
| Foreign exchange gain (net)                                     | (29,244)                     |
| Fair value changes of FVTPL investments (net)                   | <u>(1,941)</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 2018.

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B8 Group borrowings and debt securities as at 31 July 2018 were as follows:

|  |                         | At end of<br>current quarter<br>RM'000 |
|--|-------------------------|--|
| Short term borrowings  |                         |  |
| Secured  |                         |  |
|  | Foreign currency amount |  |
|  | '000                    |  |
| Denominated in   | #                       | 2,518,781                              |
| Ringgit Malaysia   |                         |  |
| USD  | 16,420 *                | 66,622                                 |
| SGD  | 31,808 *                | 94,819                                 |
| GBP  | 57,887 *                | 309,436                                |
| PHP  | 371,113 *               | 28,355                                 |
| JPY  | 1,952,568 *             | 71,424                                 |
|  |                         | <u>3,089,437</u>                       |
| Unsecured  |                         |  |
| Denominated in   |                         | 69,651                                 |
| Ringgit Malaysia   |                         | <u>69,651</u>                          |
|  |                         | 3,159,088                              |
| Long term borrowings   |                         |  |
| Secured  |                         |  |
|  | '000                    |  |
| Denominated in   | #                       | 1,890,235                              |
| Ringgit Malaysia   |                         |  |
| USD  | 4,241 *                 | 17,209                                 |
| SGD  | 52 *                    | 155                                    |
| GBP  | 11,497 *                | 61,299                                 |
| PHP  | 225,000 *               | 17,193                                 |
| JPY  | 14,049,945 *            | 514,228                                |
| RMB  | 140,013 *               | 83,322                                 |
| EUR  | 6,198 *                 | 29,441                                 |
| VND  | 132,665,000 *           | 26,533                                 |
|  |                         | <u>2,639,615</u>                       |
| Total bank borrowings  |                         |  |
|  |                         | <u><u>5,798,703</u></u>                |
| * Converted at the respective exchange rates prevailing as at 31 July 2018 |                         |  |
| # Includes medium term notes   |                         |  |
| - short term   |                         | 869,698                                |
| - long term  |                         | 474,598                                |
|  |                         | <u><u>1,344,296</u></u>                |

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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) Note 41(2) regarding the matter with Armen&anor

With reference to Note 41(2) to the financial statements regarding the matter with Armen&anor, CoswayUSA has been given an extension of time till 28 September 2018 to file its reply brief.

(b) Note 41(3) regarding the STC Proposals proceedings

With reference to the conditional sale and purchase agreement ("SPA") entered into by Berjaya Tagar Sdn Bhd ("BTSB") with Selangor Turf Club ("STC") for the acquisition of 3 parcels of leasehold land measuring a total area of approximately 244.79 acres located in Sungai Besi together with all existing buildings and fixtures erected thereon ("Sungai Besi Land") for a total consideration of RM640.0 million to be settled by way of cash of RM35.0 million payable to STC and the balance of RM605.0 million to be satisfied by a transfer to STC of 750 acres of land located in Sungai Tinggi ("Sungai Tinggi Land") with a newly built turf club ("NewSTC") thereon ("STC Proposals"), for which BTSB had proposed to acquire the Sungai Tinggi Land from BerjayaCity Sdn Bhd, ("BCity"), a subsidiary company of Berjaya Corporation Berhad and to appoint BCity as the turnkey contractor of the new turf club ("BCity Project"), BTSB subsequently entered into supplemental agreement for an extension of time until 18 January 2018 to fulfil certain conditions precedent. The conditions precedent that have not been fulfilled are as follows:

- 1) renewal of the consent by Land and Mines Department (Federal) for the transfer to BTSB of the portion of the Sungai Besi Land (held under H.S.(D) 61790 No. P.T. 2872 in the Mukim of Petaling, District and State of Wilayah Persekutuan) that is situated in Wilayah Persekutuan, Kuala Lumpur which had expired on 11 January 2006; and
- 2) the approvals, permits or consents of any other relevant authorities as may be required by applicable laws including inter-alia the following:
  - (i) approval from the Town and Country Planning Department of the State of Selangor on the re-tabling of the amended master layout plan which was re-submitted on 19 August 2008;
  - (ii) approval from the Majlis Daerah Hulu Selangor ("MDHS") for the Development Order and building plan pertaining to the construction of the new turf club after approval under item 2(i) above is obtained; and
  - (iii) approval from the State Exco of Selangor for the conversion and sub-division of Sungai Tinggi Land after approvals under items 2 (i) and (ii) above are obtained.

On 10 November 2017, BLand announced that further to the legal proceedings instituted by BLand, BTSB and BCity (the "Applicants") in March 2016 against the (1) Selangor State Government, (2) MDHS, (3) Majlis Daerah Kuala Selangor, (4) Pengarah Pejabat Tanah & Galian Negeri Selangor, (5) Pengarah Jabatan Perancangan Bandar dan Desa Negeri Selangor, (6) Pengarah Jabatan Kerja Raya Negeri Selangor, (7) Pengarah Jabatan Alam Sekitar Negeri Selangor and (8) Pengarah Jabatan Geosains Negeri Selangor (the "Respondents") by way of an application for judicial review in the Shah Alam High Court, the High Court had on 9 November 2017 decided on the judicial review in favour of the Applicants.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

(b) Note 41(3) regarding the STC Proposals proceedings (continued)

The judgment rendered on 9 November 2017 was as follows:

- 1) The Applicants' applications against the 2nd, 3rd, 4th, 6th, 7th and 8th Respondents were dismissed with costs of RM2,000.00 awarded to the 2nd, 3rd, 4th, 6th, 7th and 8th Respondents respectively.
- 2) The Applicants are allowed to proceed with the development.
- 3) The Applicants are required to submit the relevant documents to the relevant technical departments for comments.
- 4) The technical departments are directed to respond within 3 months from the receipt of these documents, and failing which it is deemed that they have no objection to these documents.
- 5) Pursuant to an order in the nature of mandamus, the 1st and 5th Respondents are directed to re-table the Applicants' proposal papers to relocate and construct the Selangor Turf Club before the National Physical Planning Council within 3 months after the receipt of the proposal papers from the Applicants.
- 6) The Applicants are directed to submit the said proposal papers within 1 month upon receipt of the fair order, failing which the Applicants shall forfeit the benefit of the order of mandamus pursuant to paragraph (5) above.
- 7) The 1st and 5th Respondents are ordered to pay the Applicants compensation for any loss suffered by the Applicants. The amount of such compensation will be assessed in subsequent proceedings.

Further to the above, on 14 December 2017, the Company announced that the Selangor State Government and several other respondents have filed a Notice of Appeal to the Court of Appeal to appeal against the decision of the Shah Alam High Court made on 9 November 2017. The hearing at the Court of Appeal has been fixed on 8 October 2018. The 1st and 5th respondents have also applied to stay the ongoing proceedings in the Shah Alam High Court and the execution of the Shah Alam High Court judgment in the judicial review proceedings ("Stay Application").

The Applicants have applied to the Shah Alam High Court for an extension of time to submit the proposal papers to the the first and fifth respondents ("Extension of Time Application"). The hearing for the extension of time was fixed on 26 July 2018. However the matter was adjourned.

In addition, the Applicants have also filed an application for assessment of compensation pursuant to the aforesaid Shah Alam High Court judgement ("Assessment Proceedings").

The next case management date for the 1) Stay of Proceedings Application, 2) Extension of Time Application and 3) Assessment Proceedings has been fixed on 17 October 2018. The STC Proposals proceedings are still ongoing.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

(c) Note 41(4) regarding the JDC Lawsuit

On 6 November 2015, the Company 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 as a result thereof ("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. Under the circumstances, the on-going development works on the Jeju Project were suspended pending the resolution of the lawsuits. A consequence of the Korean Supreme Court decision is that certain former owners of the said lands had filed lawsuits against JDC and BJR, seeking the cancellation of registration of land titles ("Landowners Lawsuits").

Pursuant to the financing arrangement for Phase 1 of the Jeju Project and following the suspension of the development work 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 Phase 1 construction cost due and owing to the main contractor.

On completion of the land repurchased by JDC, BJR gave notice to terminate the Land SPA in respect of the remaining land under Phase 1 of the Jeju Project. BJR has grounds to terminate the Land SPA following court decisions rendered in certain of the Landowner Lawsuits to cancel the registration of land titles.

At the sixth court hearing on 14 October 2016, the presiding judge had agreed to BJR's application to conduct a land price appraisal of the Jeju Project to quantify the amount of damages. The presiding judge had also made an inspection of the Jeju Project site on 25 November 2016. The land price appraisal report of the Jeju Project had been completed by the court-appointed land appraisal company and the land price appraisal report has been submitted directly to the court.

On 13 September 2017, Jeju District Court rendered a judgement against JDC and Seogwipo City in the Administrative Lawsuit. The judgement rendered all of the development approvals issued in connection with the Jeju Project null and void. JDC and Seogwipo City have filed an appeal against the Administrative Lawsuit judgement, and the appellate proceedings are still pending.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

(c) Note 41(4) regarding the JDC Lawsuit (continued)

In view of the nullification of all the development approvals issued in connection with the Jeju Project, BJR made an application to the court in the JDC Lawsuit for a supplementary land price appraisal report, to be prepared with respect to the Jeju Project site subject to a revised assumption that no development approval had been issued on the Jeju Project site. In February 2018, the presiding judge in the JDC Lawsuit was re-assigned to another court, and another judge was appointed as the new presiding judge in the JDC Lawsuit. In July 2018, BJR made an application to the court in the JDC Lawsuit to conduct a second supplementary land price appraisal report, as BJR was dissatisfied with the first supplementary land appraisal report which was based on disputable land reference. The court in the JDC Lawsuit granted BJR's application to conduct a second supplementary appraisal, to be undertaken by a different appraiser. The new presiding judge is expected to set the next hearing date upon completion of the second supplementary land price appraisal report. The JDC Lawsuit is still on-going.

(d) Note 41(5) regarding the GMOC Project Arbitration Proceedings

On 16 December 2015, the Company announced that Berjaya (China) Great Mall Co. Ltd ("GMOC"), a 51%-owned subsidiary of Berjaya Leisure (Cayman) Limited, which in turn is a wholly-owned subsidiary of the Company had entered into a Construction Project Transfer Agreement ("Contract") with Beijing SkyOcean International Holdings Limited ("Beijing SkyOcean"), for the proposed disposal of the Berjaya (China) Great Mall Recreation Centre which is under construction and located in Sanhe City, Hebei Province, the People's Republic of China ("Great Mall Project"), for a cash consideration of RMB2.08 billion (or about RM1.39 billion) ("Proposed Disposal").

Beijing SkyOcean has paid:

- (i) RMB50.0 million (or about RM33.4 million) to GMOC on the signing of the Contract; and
- (ii) RMB1.015 billion (or about RM677.92 million) paid into an escrow bank account ("1st Instalment"). This amount shall be released to GMOC within 5 working days after all condition precedents ("CP") have been fulfilled.

On 16 December 2016, the Company announced that the Proposed Disposal has been completed with the receipt of RMB1.015 billion or 1st Instalment by GMOC from the escrow bank account following the fulfilment of all CP. The balance of cash consideration of RMB1.015 billion will be received by November 2017 ("Final Instalment").

Subsequently, on 28 April 2017, the Company announced that following the completion of the Proposed Disposal, GMOC has entered into a supplementary agreement with Beijing SkyOcean to adjust the total cash consideration pursuant to the Proposed Disposal from RMB2.08 billion to RMB2.039 billion, and accordingly revise the Final Instalment to RMB974.07 million as a result of part of the land being regained by Sanhe Land and Resource Bureau, reimbursement of theme park equipment and shared expenses relating to certain electrical works.

SkyOcean Holdings Group Limited which holds 100% stake in Beijing SkyOcean, and its major shareholder, Mr. Zhou Zheng ("the Guarantors") shall guarantee the performance of the obligations by Beijing SkyOcean pursuant to the Contract.



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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

(d) Note 41(5) regarding the GMOC Project Arbitration Proceedings (continued)

On 8 December 2017, the Company announced Beijing SkyOcean had not remitted the Final Instalment to GMOC by the appointed time. Hence, GMOC after seeking legal advice, had on 7 December 2017, issued a notice of demand to Beijing SkyOcean and the Guarantors to pay to GMOC the Final Instalment and accrued late payment interest within 3 days upon receipt of the said notice, failing which GMOC will take all relevant legal measures, including commencing legal proceeding in Hong Kong against Beijing SkyOcean and the Guarantors to protect and enforce GMOC's legitimate rights.

On 19 January 2018, the Company announced that GMOC submitted a Notice of Arbitration to the Hong Kong International Arbitration Centre against Beijing SkyOcean and the Guarantors to seek recovery of the Final Instalment and accrued late payment interests as well as other reliefs. The arbitral tribunal was fully constituted at the end of June 2018 and the arbitration proceedings are ongoing.

(d) Note 41(6) regarding the PGMC Arbitration Proceedings

Philippine Gaming Management Corporation ("PGMC"), an indirect subsidiary 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 settlement agreement between PGMC and PCSO whereby 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.

On 1 March 2018, Berjaya Philippines Inc., the immediate holding company of PGMC, released an announcement to Philippine Stock Exchange that the Arbitral Tribunal Court had ruled in favour of PCSO. PGMC has filed a petition with the Makati Regional Trial Court to appeal on all aspects of the Final Award issued by the Arbitral Tribunal Court. The Petition is still pending as at the date of this announcement. At the moment, PGMC continues to lease the lottery equipment to PCSO and are currently in negotiation with PCSO to extend the equipment lease agreement. The PGMC Arbitration Proceedings are still ongoing.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B10 The Board does not recommend any dividend for the current quarter under review (previous year corresponding quarter ended 31 July 2017: Nil).

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

|  | Group (3-month period) |                  |             |               |
|--|------------------------|------------------|-------------|---------------|
|  | 31-07-2018             | 31-07-2017       | 31-07-2018  | 31-07-2017    |
|  | RM'000                 |                  | sen         |               |
| Net profit/(loss) for the quarter  | 35,057                 | (43,396)         |             |               |
| Impact on statement of profit or loss upon conversion of ICULS   |                        |                  |             |               |
| - BCorp ICULS 2  | 1,848                  | 2,410            |             |               |
| - BCorp ICULS 4  | 194                    | 202              |             |               |
| Adjusted net earnings/(loss) for the quarter   | <u>37,099</u>          | <u>(40,784)</u>  |             |               |
| Weighted average number of ordinary shares in issue with voting rights ('000)                          | 4,875,257              | 4,875,583        |             |               |
| Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000) | <u>747,835</u>         | <u>747,835</u>   |             |               |
| Number of shares used in the calculation of basic per share ('000)                                     | <u>5,623,092</u>       | <u>5,623,418</u> |             |               |
| Basic earnings/(loss) per share  |                        |                  | <u>0.66</u> | <u>(0.73)</u> |
| Adjusted net earnings/(loss) for the quarter   | 37,099                 | (40,784)         |             |               |
| Dilution effect on conversion of Redtone International Berhad ICULS                                    | (5)                    | (1)              |             |               |
| Dilution effect on exercise of Berjaya Food Berhad warrants  | -                      | (14)             |             |               |
| Dilution effect on exercise of Berjaya Food Berhad share options                                       | (2)                    | -                |             |               |
| Dilution effect on exercise of Berjaya Assets Berhad warrants  | -                      | (374)            |             |               |
|  | <u>37,092</u>          | <u>(41,173)</u>  |             |               |
| Number of shares used in the calculation of diluted earnings/(loss) per share ('000)                   | <u>5,623,092</u>       | <u>5,623,418</u> |             |               |
| Diluted earnings/(loss) per share  |                        |                  | <u>0.66</u> | <u>(0.73)</u> |

c.c. Securities Commission