

BERJAYA LAND BERHAD

Company No: 201765-A

23 March 2016

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JANUARY 2016

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BERJAYA LAND BERHAD
(Company No: 201765 - A)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Group	
		As at 31/01/2016 RM'000	As at 30/04/2015 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,727,026	2,586,999
Investment properties		610,558	607,758
Land held for development		1,028,120	849,888
Prepaid land lease premiums		1,006	1,018
Associated companies		504,606	378,015
Joint ventures		36,958	44,812
Investments		93,354	165,350
Intangible assets		5,127,674	5,093,609
Receivables		680,056	564,539
Deferred tax assets		23,189	22,955
		<u>9,832,547</u>	<u>10,314,943</u>
Current Assets			
Property development costs		719,847	1,351,288
Inventories		605,233	479,542
Receivables		1,129,956	871,823
Short term investments		1,918	3,087
Tax recoverable		33,697	10,364
Deposits, cash and bank balances		841,751	1,082,074
Assets of disposal group/non current assets classified as held for sale		1,154,816	58,009
		<u>4,487,218</u>	<u>3,856,187</u>
TOTAL ASSETS		<u>14,319,765</u>	<u>14,171,130</u>
EQUITY AND LIABILITIES			
Share capital	A4	2,500,168	2,500,168
Reserves:			
Exchange reserves		202,603	(3,354)
Capital reserve		10,804	10,804
Fair value reserve		1,935,385	1,935,385
Available-For-Sale ("AFS") reserve		(835)	13,114
Consolidation reserve		21,220	21,220
Retained earnings		647,173	467,982
		<u>2,816,350</u>	<u>2,445,151</u>
Equity funds		5,316,518	4,945,319
Less: Treasury shares	A4	(20,699)	(20,699)
Net equity funds		5,295,819	4,924,620
Non-controlling interests		3,365,003	3,292,065
Total equity		<u>8,660,822</u>	<u>8,216,685</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Group	
		As at 31/01/2016 RM'000	As at 30/04/2015 RM'000 (Audited)
Non-current liabilities			
Medium term notes	B8	1,273,087	1,142,734
Retirement benefit obligations		7,493	9,511
Long term borrowings	B8	1,577,354	2,016,297
Other long term liabilities		244,566	235,958
Deferred taxation		119,651	117,054
		<u>3,222,151</u>	<u>3,521,554</u>
Current Liabilities			
Payables		1,645,643	1,392,313
Short term borrowings	B8	669,880	826,237
Medium term notes	B8	105,000	200,000
Retirement benefit obligations and provisions		3,688	1,107
Tax payable		12,581	13,234
		<u>2,436,792</u>	<u>2,432,891</u>
Total Liabilities		<u>5,658,943</u>	<u>5,954,445</u>
TOTAL EQUITY AND LIABILITIES		<u>14,319,765</u>	<u>14,171,130</u>
 <i>Net assets per RM0.50 share attributable to ordinary equity holders (with voting rights) of the parent (RM)</i>			
		<u>1.06</u>	<u>0.98</u>

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

Net equity funds divided by the number of outstanding shares in issue with voting rights.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2015.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	CURRENT QUARTER ENDED		FINANCIAL PERIOD ENDED	
		31/01/2016 RM'000	31/01/2015 RM'000	31/01/2016 RM'000	31/01/2015 RM'000
REVENUE		1,476,395	1,471,470	4,584,132	4,291,200
OPERATING EXPENSES, NET		<u>(1,401,347)</u>	<u>(1,327,365)</u>	<u>(4,207,207)</u>	<u>(3,855,075)</u>
PROFIT FROM OPERATIONS	A3	75,048	144,105	376,925	436,125
Investment related income, net	A3	9,572	(13,629)	227,084	47,969
Share of results from associated companies		788	4,669	(230)	6,161
Share of results from joint ventures		(2,999)	(2,700)	(6,467)	(13,875)
Finance costs		<u>(50,086)</u>	<u>(51,098)</u>	<u>(152,780)</u>	<u>(140,238)</u>
PROFIT BEFORE TAX	B5	32,323	81,347	444,532	336,142
TAXATION	B6	<u>(23,687)</u>	<u>(45,211)</u>	<u>(126,908)</u>	<u>(145,502)</u>
PROFIT NET OF TAX		<u>8,636</u>	<u>36,136</u>	<u>317,624</u>	<u>190,640</u>
ATTRIBUTABLE TO:					
- Owners of the parent		(21,017)	(26,636)	197,194	19,999
- Non-controlling interests		<u>29,653</u>	<u>62,772</u>	<u>120,430</u>	<u>170,641</u>
		<u>8,636</u>	<u>36,136</u>	<u>317,624</u>	<u>190,640</u>
(LOSS)/EARNINGS PER SHARE (SEN)	B11				
- Basic		<u>(0.42)</u>	<u>(0.53)</u>	<u>3.95</u>	<u>0.40</u>
- Fully diluted		<u>(0.42)</u>	<u>(0.53)</u>	<u>3.95</u>	<u>0.40</u>

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 April 2015.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000	RM'000	RM'000	RM'000
PROFIT NET OF TAX	8,636	36,136	317,624	190,640
OTHER COMPREHENSIVE INCOME				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net changes in fair value of available-for-sale investments:				
- Changes in fair value during the quarter/period	(6,412)	(16,083)	(31,669)	(9,713)
- Transfer to profit or loss upon disposal	-	-	1,069	(18,776)
Share of an associated company's changes in fair value of available-for-sale investments	1,408	(2,116)	(792)	(1,688)
Share of an associated company's effect arising from acquisition of additional interest of its subsidiary company	19,168	-	19,168	-
Currency translation differences	(146,371)	208,848	216,435	190,863
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Actuarial loss recognised in defined benefit pension scheme	-	3,528	-	(159)
Tax effect relating to components of other comprehensive income	-	(705)	-	32
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD	(123,571)	229,608	521,835	351,199
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the parent	(143,657)	87,914	371,199	102,685
- Non-controlling interests	20,086	141,694	150,636	248,514
	(123,571)	229,608	521,835	351,199

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction

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

	Attributable to the owners of the Parent										
	Non Distributable										
	Share capital RM'000	Exchange reserves RM'000	Capital reserve RM'000	Fair value reserve RM'000	AFS reserve RM'000	Consolidation reserve 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 2015	2,500,168	(3,354)	10,804	1,935,385	13,114	21,220	467,982	(20,699)	4,924,620	3,292,065	8,216,685
Total comprehensive income	-	168,786	-	-	(13,949)	-	216,362	-	371,199	150,636	521,835
Transactions with owners:											
Non-controlling interests arising from:											
- deemed disposal arising from dilution of equity interest in a subsidiary company	-	37,171	-	-	-	-	(37,171)	-	-	-	-
- accretion of equity interest in a subsidiary company	-	-	-	-	-	-	-	-	-	(18,253)	(18,253)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	(59,445)	(59,445)
	-	37,171	-	-	-	-	(37,171)	-	-	(77,698)	(77,698)
At 31 January 2016	<u>2,500,168</u>	<u>202,603</u>	<u>10,804</u>	<u>1,935,385</u>	<u>(835)</u>	<u>21,220</u>	<u>647,173</u>	<u>(20,699)</u>	<u>5,295,819</u>	<u>3,365,003</u>	<u>8,660,822</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to the owners of the Parent										
	Non Distributable										
	Share capital RM'000	Exchange reserves RM'000	Capital reserve RM'000	Fair value reserve RM'000	AFS reserve RM'000	Consolidation reserve 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 2014	2,500,168	(81,883)	10,804	1,983,501	31,873	17,782	941,751	(45,466)	5,358,530	3,261,525	8,620,055
Adjustments arising from finalisation of provisional estimate on acquisition of a subsidiary company (Note A3)	-	(334)	-	-	-	-	(56)	-	(390)	(5,494)	(5,884)
At 1 May 2014 - as restated	2,500,168	(82,217)	10,804	1,983,501	31,873	17,782	941,695	(45,466)	5,358,140	3,256,031	8,614,171
Total comprehensive income	-	106,456	-	-	(23,831)	-	19,966	-	102,591	248,608	351,199
Transactions with owners:											
Non-controlling interests arising from:											
- additional acquisition of equity interest in subsidiary companies	-	-	-	-	-	-	(19,702)	-	(19,702)	(46,013)	(65,715)
- partial disposal of equity interest in a subsidiary company	-	-	-	-	-	3,438	-	-	3,438	27,090	30,528
- additional subscription of shares in a subsidiary company	-	-	-	-	-	-	-	-	-	31,038	31,038
Resale of treasury shares	-	-	-	-	-	-	(20,365)	24,767	4,402	-	4,402
Dividend payable *	-	-	-	-	-	-	(49,893)	-	(49,893)	-	(49,893)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	(100,503)	(100,503)
	-	-	-	-	-	3,438	(89,960)	24,767	(61,755)	(88,388)	(150,143)
At 31 January 2015	2,500,168	24,239	10,804	1,983,501	8,042	21,220	871,701	(20,699)	5,398,976	3,416,251	8,815,227

* In respect of financial year ended 30 April 2014

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JANUARY 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	31/01/2016	31/01/2015
	RM'000	RM'000
OPERATING ACTIVITIES		
Receipts from customers/operating revenue	4,842,480	4,575,377
Payment to prize winners, suppliers, duties, taxes and other operating expenses	(4,878,995)	(4,398,004)
Tax paid	(146,409)	(139,396)
Deposit received in respect of sale of development properties	113,642	-
Other receipts (inclusive of tax refunds)	11,079	10,765
Net cash (used in)/generated from operating activities	<u>(58,203)</u>	<u>48,742</u>
INVESTING ACTIVITIES		
Sale of property, plant and equipment and non-current assets	408,462	87,744
Sale of short term investments	1,461	4,727
Sale of other investments	44,138	105,418
Net repayment of advances from a former subsidiary company	81,212	-
Net cash outflow from deemed disposal arising from dilution of interest in a subsidiary company	(27,125)	-
Partial disposal of equity interest in a subsidiary company	-	30,528
Resale of treasury shares	-	11,060
Acquisition of property, plant and equipment, non-current assets and properties	(66,161)	(90,067)
Acquisition of other investments and short term investments	(1,942)	(36,154)
Acquisition of equity interest in a subsidiary company	(12,351)	-
Acquisition of additional equity interest in a subsidiary company	-	(40,295)
Acquisition of treasury shares by a subsidiary company	(18,251)	(30,818)
Additional subscription of shares in a joint venture/associated companies	(765)	(6,029)
Interest received	30,103	24,892
Dividend received	2,021	2,528
Advances from related companies	66,954	31,979
Advances to joint ventures	(6,475)	(14,646)
Other payments	(60,882)	(11,624)
Net cash generated from investing activities	<u>440,399</u>	<u>69,243</u>
FINANCING ACTIVITIES		
Issuance of share capital to non-controlling interests	-	31,038
Drawdown of bank and other borrowings	838,086	1,640,268
Repayment of bank and other borrowings	(1,255,407)	(1,422,431)
Dividend paid to shareholders of the Company	-	(49,818)
Dividends paid to non-controlling interests of a subsidiary company	(59,445)	(100,503)
Interest paid	(172,103)	(127,784)
Placement in banks as security pledged for borrowings	9,097	-
Other payments	(5,580)	(71,707)
Net cash used in financing activities	<u>(645,352)</u>	<u>(100,937)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(263,156)	17,048
EFFECTS OF EXCHANGE RATE CHANGES	44,774	19,969
OPENING CASH AND CASH EQUIVALENTS	915,369	823,159
CLOSING CASH AND CASH EQUIVALENTS	<u>696,987</u>	<u>860,176</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	31/01/2016	31/01/2015
	RM'000	RM'000
The closing cash and cash equivalents comprise the following:		
Deposits, cash and bank balances	841,751	1,043,799
Bank overdraft (included under short term borrowings)	(9,735)	(37,599)
Less: cash and cash equivalents restricted in use	<u>(135,029)</u>	<u>(146,024)</u>
	<u><u>696,987</u></u>	<u><u>860,176</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 April 2015.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JANUARY 2016
NOTES TO THE INTERIM FINANCIAL REPORT

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

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 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions which are significant for understanding the changes in the financial position and performance of the Company since the year ended 30 April 2015. The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 May 2015.

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 Our principal business operations are not significantly affected by any seasonal or cyclical factors except for:
- (i) the property development division which is affected by the prevailing cyclical economic conditions;
 - (ii) the local island beach resorts situated at the East Coast of Peninsular Malaysia which are affected by the North-East monsoon season during the third quarter of the financial year; and
 - (iii) the toto betting operations may be positively impacted by the festive seasons.
- A3 (a) There were no unusual or material items affecting the Group in the financial quarter and period ended 31 January 2016 other than as disclosed below:

Statement of Profit or Loss

- (i) Included under investment related income, net:

	Quarter ended 31/01/2016 RM'000	Financial period ended 31/01/2016 RM'000
Fair value changes of fair value through profit or loss ("FVTPL") quoted equity investments	(1,427)	(4,572)
Impairment loss of quoted available-for-sale ("AFS") investments	-	(59)
Liquidated damages on termination of sales and purchase agreement	-	(1,903)
Gain on deemed partial disposal arising from dilution of equity interest in a subsidiary company (refer to Note A8(ii))	(4,764)	44,803
Gain on re-measurement of fair value of the remaining stake in a former subsidiary company (refer to Note A8(ii))	2,217	149,064
	<u>(3,974)</u>	<u>187,333</u>

- (b) There were no major changes in estimates reported in the prior financial quarter had a material effect in the financial quarter and period ended 31 January 2016.

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NOTES TO THE INTERIM FINANCIAL REPORT

A4 There were no issuances and repayment of debts and equity securities, share cancellation for the financial period ended 31 January 2016.

The number of treasury shares held in hand as at 31 January 2016 were as follows :

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares at 1 May 2015 and at 31 January 2016	1.89	10,943,000	20,699

As at 31 January 2016, the number of ordinary shares in issue and fully paid with voting rights was 4,989,394,000 ordinary shares of RM0.50 each (31 January 2015 : 4,989,394,000 ordinary shares of RM0.50 each).

A5 The Company did not pay any dividend during the financial period ended 31 January 2016.

A6 Segmental information for the financial period ended 31 January 2016:

REVENUE

	External RM'000	Inter-segment RM'000	Total RM'000
Toto betting operations and leasing of lottery equipment	2,511,706	-	2,511,706
Motor retailer	1,553,302	-	1,553,302
Property development and investment	243,538	1,337	244,875
Hotels and resorts	216,367	6,314	222,681
Clubs and others	59,219	14,768	73,987
Sub-total	4,584,132	22,419	4,606,551
Less: Inter-segment revenue	-	(22,419)	(22,419)
Total revenue	4,584,132	-	4,584,132

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NOTES TO THE INTERIM FINANCIAL REPORT

A6 Segmental information for the financial period ended 31 January 2016 (cont'd):

RESULTS

	RM'000
Toto betting operations and leasing of lottery equipment	355,266
Motor retailer	13,651
Property development and investment	40,427
Hotels and resorts	14,102
Clubs and others	<u>(41,797)</u>
	381,649
Unallocated corporate items	<u>(4,724)</u>
	376,925
Investment related income, net:	
- Interest income	38,393
- Dividend income	1,189
- Fair value changes of FVTPL quoted equity investments	(4,572)
- Impairment loss of quoted AFS investment	(59)
- Gain on deemed partial disposal arising from dilution of equity interest in a subsidiary company	44,803
- Gain on re-measurement of fair value of the remaining stake in a former subsidiary company	149,064
- Others	<u>(1,734)</u>
	227,084
Share of results from associated companies	(230)
Share of results from joint ventures	(6,467)
Finance costs	<u>(152,780)</u>
Profit before tax	444,532
Taxation	<u>(126,908)</u>
Profit for the period	<u><u>317,624</u></u>

A7 There were no material events subsequent to 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 material changes in the composition of the Group for the financial period ended 31 January 2016 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for:

- (i) the increase of the Group's equity interest in Berjaya Sports Toto Berhad ("BToto") from 40.92% to 41.10% following the buyback of shares by BToto;
- (ii) the deemed partial disposal arising from the dilution of the Group's equity interest in Berjaya Kyoto Development (S) Pte Ltd ("BKD") from 100% to 50%, after Berjaya Corporation Berhad subscribed for 1 ordinary share in BKD for cash consideration of SGD34.66 million (or about RM97.28 million);
- (iii) the dilution of the Group's equity interest in Asia Jet Partners Malaysia Sdn Bhd (formerly known as Berjaya Airport Services Sdn Bhd) ("AJM") from 100% to 51%, after Asia Jet Partners Holdings Limited subscribed for 735,000 shares in AJM's enlarged share capital of 1,500,000 ordinary shares of RM1.00 each, for a cash consideration of RM735,000.

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NOTES TO THE INTERIM FINANCIAL REPORT

- A8 There were no material changes in the composition of the Group for the financial period ended 31 January 2016 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for (cont'd):
- (iv) the acquisition of the entire equity interest in Bodytechnics Limited, a company incorporated in United Kingdom by H.R. Owen Plc for a total cash consideration of GBP2.60 million (or about RM15.6 million). The principal activities of Bodytechnics Limited are maintenance and repair of motor vehicles; and
 - (v) the striking off of Sports Toto Malaysia Management Pte Ltd from the Register of the Accounting and Corporate Regulatory Authority of Singapore pursuant to Section 344 of the Singapore Companies Act, Cap. 50.
- A9 There are no material changes in contingent liabilities since the last audited statement of financial position as at 30 April 2015.
- A10 There were no material changes in capital commitments since the last audited statement of financial position as at 30 April 2015.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 JANUARY 2016
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B1 The main operating businesses of the Group are toto betting operations and related activities, motor retailing and provision of aftersales services, property development and investment and the operations of hotels and resorts. The key factors (other than general economic conditions) affecting the performance of the main operating businesses in the Group are as follows:

Toto betting operations and related activities

- disposable income of the general public, Jackpot cycles, luck factor and the number of draws in the financial period.

Motor retailing and provision of aftersales services

- the trend in prestige and specialist cars.

Property development and investment

- demographic 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.

Operations of 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.

In the previous quarters, revenue from toto betting operations was recognised based on ticket sales net of gaming tax but inclusive of Malaysian Goods and Services Tax ("GST"). With effect from the current quarter, revenue from toto betting operations has been adjusted and presented net of gaming tax as well as GST on gaming supply. The GST was previously classified under Cost of Sales.

Review of Results For the Quarter

For the current quarter under review, the Group reported a revenue of RM1.48 billion and pre-tax profit of RM32.32 million as compared to RM1.47 billion and RM81.35 million respectively reported in the previous year corresponding quarter.

The marginally higher Group revenue was mainly due to higher progress billings reported by the property development and investment business. This has offset the lower revenue contribution from both the gaming business operated by BToto's principal subsidiary, Sports Toto Malaysia Sdn Bhd ("STMSB") and the hotels and resorts business. STMSB's revenue was lower due to the effect of GST as toto betting revenue is currently presented net of GST on gaming supply. If the effect of GST is excluded, STMSB's revenue would have been comparable to the previous year corresponding quarter. The hotels and resorts business registered lower revenue in the current quarter under review arising from lower average room rates.

H.R. Owen Plc ("HRO") reported lower revenue in its functional currency in the current quarter mainly due to the drop in new car sales volume resulting from soft market and lower supply of new car models by certain manufacturers. However upon translation to Ringgit Malaysia, HRO's revenue increased slightly as compared to previous year corresponding quarter.

The Group's pre-tax profit was significantly lower quarter-on-quarter mainly due to higher prize payout and the impact of GST reported by STMSB. The other businesses also reported lower profit contribution mainly due to lower revenue, higher operating expenses and foreign exchange loss.

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Review of Results For the 9-month Period

For the current 9-month period under review, the Group reported a revenue of RM4.58 billion and pre-tax profit of RM444.53 million as compared to RM4.29 billion and RM336.14 million respectively reported in the previous year corresponding period.

The higher Group revenue was mainly due to higher progress billings reported by the property development and investment business and by HRO from higher revenue from additional outlets. The favourable foreign exchange effect during the current 9-month period has enhanced the sales performance of HRO. The aforementioned helped to offset the lower revenue reported by both STMSB and the hotels and resorts business resulting from factors mentioned in B1.

The higher Group pre-tax profit was mainly due to the gain arising from deemed partial disposal of BKD and the gain on re-measurement of the Group's remaining stake in BKD amounting to RM193.86 million as disclosed in A3(a)(i). The operating profit in the current 9-month period was lower than last year corresponding period mainly due to lower profit contribution from:

- (i) STMSB due to higher prize payout and the impact of GST;
- (ii) HRO due to higher operating expenses incurred despite recording higher revenue;
- (iii) hotels and resorts business due to lower average room rates; and
- (iv) higher finance costs.

B2 Review of Results of Third Quarter Vs Second Quarter

For the current quarter under review, the Group reported a lower revenue of RM1.48 billion as compared to RM1.61 billion reported in the preceding quarter. Pre-tax profit for the current quarter was at RM32.32 million as compared to RM310.09 million reported in the second quarter ended 31 October 2015.

The lower Group revenue was mainly due to:

- (i) lower progress billings reported by the property development and investment business;
- (ii) lower occupancy and average room rates reported by the hotels and resorts business with the onset of the seasonal monsoon period that affected certain beach resorts; and
- (iii) lower car volume sales reported by HRO due to soft market and lower supply of certain new car models. STMSB's revenue remained comparable to its preceding quarter's revenue.

The lower pre-tax profit was mainly due to higher prize payout recorded by STMSB, higher operating expenses and unfavourable foreign exchange effect incurred by the other business segments. In addition, the Group registered a total gain on deemed partial disposal and re-measurement of remaining stake in BKD amounting to RM193.86 million in the preceding quarter.

B3 Future Prospects

In view of the rising costs that dampened domestic consumer spending caused by the prevailing economic conditions and the impact of GST to STMSB, the gaming business is expected to be challenging even though STMSB is expected to maintain its market share in the Numbers Forecast Operator industry. The performance of the hotels and resorts business is expected to remain satisfactory whilst the property market outlook is expected to remain lukewarm. As such, the Directors are of the view that the operating performance of the Group will continue to remain challenging.

B4 There is no profit forecast for the financial period under review.

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B5 Profit before tax is stated after charging/(crediting):

	Quarter ended 31/01/2016 RM'000	Financial period ended 31/01/2016 RM'000
Interest income	(13,072)	(38,393)
Dividend income	(379)	(1,189)
Other income excluding dividend and interest income	(3,169)	(22,077)
Depreciation of property, plant and equipment	21,317	65,405
Gain on disposal of property, plant and equipment	(1,935)	(3,247)
Amortisation of intangible assets	159	468
Impairment loss on receivables	-	105
Reversal of impairment loss of inventories	(2,124)	(961)
Net foreign exchange loss/(gain)	7,703	(3,852)
Impairment loss of quoted AFS investments	-	59
Fair value changes of FVTPL quoted equity investments	1,427	4,572
Loss/(Gain) on deemed disposal arising from dilution of equity interest in a subsidiary company	4,764	(44,803)
Gain on re-measurement of fair value of the remaining stake in a former subsidiary company	(2,217)	(149,064)
Gain or loss on derivatives	-	-

B6 The taxation charges for the financial quarter and period ended 31 January 2016 were detailed as follows:

	Quarter ended 31/01/2016 RM'000	Financial period ended 31/01/2016 RM'000
Malaysian income tax	12,129	105,046
Foreign tax	5,008	20,227
Overprovision in prior years	(392)	(728)
Deferred taxation	6,942	2,363
	<u>23,687</u>	<u>126,908</u>

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

B7 The corporate proposals announced by the Group but not completed as at the date of this announcement are listed below:

- (a) On 19 July 2004, the Company announced that Selat Makmur Sdn Bhd ("SMSB"), a subsidiary company of Berjaya Land Development Sdn Bhd then, which in turn is a wholly owned subsidiary of the Company, had on even date entered into a conditional sale and purchase agreement with Selangor Turf Club ("STC") for the acquisition of 3 parcels of leasehold land measuring a total area of approximately 244.7926 acres located in Sungai Besi together with all existing buildings and fixtures erected thereon from STC ("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 with a transfer of 750 acres of land located in Sungai Tinggi ("Sungai Tinggi Land") with a newly built turf club thereon ("STC Proposals") ("SPA"). SMSB had proposed to acquire 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.

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B7 The corporate proposals announced by the Group but not completed as at the date of this announcement are listed below (cont'd):

The Company had on 13 October 2004 and 14 November 2004 announced that the approvals from the Foreign Investment Committee ("FIC") and shareholders have been obtained for the STC Proposals.

Subsequently, on 28 June 2010, the Company announced the status of the conditions precedent ("CP") as follows:

1. Approval of the FIC for the STC Proposals was obtained on 12 October 2004.
2. Approval of the FIC for the acquisition of the Sungai Tinggi Land by STC was obtained on 21 October 2004.
3. Approvals of the shareholders of SMSB, the Company, BCity and Berjaya Group Berhad for the STC Proposals was obtained on November 2004.
4. Approvals of the State Authority Consent for the transfer of the portion of Sungai Besi Land in favour of SMSB was obtained on 11 January 2005. However, the consent had lapsed and application will be re-submitted after item 6 of the CP below is fulfilled.
5. The agreement between STC and SMSB on the layout plans, building plans, designs, drawings and specifications for the new turf club is still pending the fulfillment of item 6 of the CP below.
- 6a. The approval for the master layout plan for Sungai Tinggi Land which was obtained on 11 February 2008 is to be re-tabled due to the change of the Selangor State government and SMSB is awaiting the decision from the Selangor State government.
- 6b. The approval for the Majlis Daerah Hulu Selangor ("MDHS") for the Development Order, Earthworks and Infrastructure and Building Plan pertaining to the construction of the new turf club is pending as MDHS is unable to process the application until item 6a above is fulfilled.
- 6c. The approval of the State Exco of Selangor for the conversion and sub-division of Sungai Tinggi Land is pending as the application will only be tabled at the State Exco of Selangor after approvals for items 6a and 6b are obtained.

As announced on 16 August 2010, CP no. 4,5,6a, 6b and 6c above have yet to be fulfilled.

On 29 January 2010, the Company announced that STC and SMSB have mutually agreed to an extension of time to 18 January 2011 to fulfil the CP in the abovementioned conditional sale and purchase agreement. This extension of time was further extended by STC to 18 January 2012. Subsequently, on 22 December 2011, the Company announced that STC granted an extension of time from 19 January 2012 to 18 January 2013.

On 22 December 2011, the Company announced that STC granted SMSB request for a further extension of time from 19 January 2012 to 18 January 2013.

On 13 August 2012, the Company announced that SMSB and STC had entered into a supplemental to mutually vary certain terms of the SPA ("Supplemental Agreement"), details of which are as follows:

- if there is any CP remains outstanding, SMSB shall be entitled to request from STC further extension of time to fulfil the CPs pursuant to the proposed acquisition of Sungai Besi Land. STC shall grant an extension of one year subject to a cash payment of RM3.0 million by SMSB for such extension; and
- upon signing the Supplemental Agreement, SMSB shall pay STC an advance part payment of RM7.0 million which will be deducted from the cash portion of the consideration of RM35.0 million. The balance of the purchase consideration shall be paid within 33 months from the date of the last CP is fulfilled or such date as mutually extended.

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B7 The corporate proposals announced by the Group but not completed as at the date of this announcement are listed below (cont'd):

Pursuant to the aforesaid Supplemental Agreement, the period is extended for another year to fulfil the conditions precedent below:

1. renewal of consent by Land and Mines Department (Federal) for the transfer to SMSB of the portion of 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 resides 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 include 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 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.
- (b) On 12 December 2007, the Company announced that its holding company, Berjaya Corporation Berhad had on behalf of the Company, entered into an agreement of cooperation ("Agreement") with Hanoi Electronics Corporation, Vietnam ("Hanel") to record their agreement in principle for the Company and Hanel to collaborate on the proposed development of a parcel of land measuring approximately 405 hectares (or about 1,000 acres) in Sai Dong A, Long Bien District, Hanoi City, Vietnam into a mixed residential, commercial and industrial township development ("Project"). Subject to the approvals from the relevant authorities in Vietnam, the Company and Hanel proposed to undertake the development of the Project via a joint venture and will establish a limited liability company in Vietnam to be known as "Berjaya-Hanel Company Limited" ("JVC"). A conditional joint venture agreement will be entered into within 6 months from the date of the execution of the Agreement or such extended time to be mutually agreed between the parties. The estimated total investment charter capital for the JVC shall be between USD2.0 billion (or about RM6.7 billion) to USD3.0 billion (or about RM10.1 billion) and the estimated charter capital of the JVC shall be between USD300 million (or about RM1.0 billion) to USD450 million (or about RM1.5 billion). The Company's portion of the charter capital is estimated to be between USD210 million (or about RM703.5 million) to USD315 million (or about RM1.1 billion) representing 70% stake in the JVC. The formation of the JVC and the development of the Project is subject to the relevant authorities approvals in Vietnam.
- (c) On 28 January 2008, the Company announced that it had on even date entered into an agreement in principle ("Agreement") with Tin Nghia Co. Ltd, Vietnam ("TNC"), Development Investment Construction Corporation, Vietnam ("DIC") and Vietnam Infrastructure Hexagon Limited ("VIHL") to record their agreement in principle to collaborate on the proposed construction of a bridge across the Dong Nai River linking Nhon Trach District, Dong Nai Province to Ho Chi Minh City ("Bridge Project").

In general, the abovementioned parties have agreed that the Company and TNC shall contribute up to 50% of the charter/equity capital of the joint venture company whilst DIC and VIHL shall contribute the remaining 50%. The Bridge Project will be jointly managed by the Company and VIHL.

The Bridge Project is subject to the approvals of the People's Committees of Dong Nai Province and Ho Chi Minh City.

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B7 The corporate proposals announced by the Group but not completed as at the date of this announcement are listed below (cont'd):

- (d) 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. This amount shall be released to GMOC within 5 working days after all conditions precedents ("CP") have been fulfilled ("Completion Date").

The balance cash consideration of RMB1.015 billion (or about RM677.92 million) will be paid within 13 months after Completion Date.

The CPs to be fulfilled within a period of 6 months (with an extension of another 3 months) are as follows:-

- (i) GMOC has obtained all the governmental approvals and that all the licences held by GMOC for the Great Mall Project have been changed to a wholly-owned subsidiary of Beijing SkyOcean;
- (ii) GMOC has terminated all the contracts with third parties in relation to the Great Mall Project, including but not limited to the general contractor contract, the construction contracts and the procurement contracts;
- (iii) The completed portion and the portion under construction of the Great Mall Project shall have passed the acceptance inspection conducted by a supervision company engaged by the Purchaser ("Mall Inspection"), or relevant remedies have been made; and
- (iv) The on-site delivery of the Great Mall Project to Beijing SkyOcean after the Great Mall Project has passed the Mall Inspection.

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

The Proposed Disposal is pending completion.

- (e) BToto and Berjaya Corporation Berhad ("BCorp") had on 12 May 2014 jointly announced that following a bidding process, BCorp has been selected as the most suitable party to undertake the investment, procurement, installation of equipment and operation of a computerized lottery system for the whole of Vietnam in cooperation with Vietnam Computerized Lottery One Member Limited Liability Company ("Vietlott") under a business cooperation contract to be entered into.

On 20 January 2016, BToto jointly announced with BCorp that the Investment Registration Certificate was issued on even date to BCorp and Vietlott, from the Hanoi Department of Planning and Investment pursuant to the Business Cooperation Contract, certifying that they have been awarded an exclusive 18-year contract invest in and operate a nationwide computerized lottery in Vietnam ("Project").

The Project will be carried out by the indirect subsidiary of BCorp namely Berjaya Gia Think Investment Technology Joint Stock Company ("Berjaya GTI"). Berjaya GTI is a Vietnamese company which is 51% owned by Berjaya Lottery Vietnam Limited ("BLV"), a company incorporated in Labuan, which in turn is 80% owned by BCorp and 20% owned by BToto.

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B8 Group borrowings and debt securities as at 31 January 2016:

		RM'000	RM'000
Short term borrowings			
Secured - Denominated in Ringgit Malaysia		388,429	
Denominated in USD (USD13,505,000)	*	56,159	
Denominated in GBP (£5,000,000)	*	29,860	
Denominated in SGD (SGD19,640,000)	*	57,246	
Denominated in RMB (RMB154,000,000)	*	125,119	
Denominated in PHP (PHP150,000,000)	*	13,067	
			669,880
Long term borrowings			
Secured - Denominated in Ringgit Malaysia		956,951	
Denominated in USD (USD72,446,000)	*	301,266	
Denominated in GBP (£12,000,000)	*	71,664	
Denominated in RMB (RMB350,000,000)	*	234,380	
Denominated in SGD (SGD4,492,000)	*	13,093	
			<u>1,577,354</u>
			<u>2,247,234</u>
Medium Term Notes (secured)	- short term		105,000
	- long term		<u>1,273,087</u>
			<u>1,378,087</u>

* *Converted at the respective exchange rates prevailing as at 31 January 2016*

B9 There was no pending material litigation as at the date of this announcement other than as disclosed below:

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. 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 has 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 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.

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B9 There was no pending material litigation as at the date of this announcement other than as disclosed below (cont'd):

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.

The Seoul Central District Court was accordingly informed of the abovementioned developments during the first court hearing of the JDC Lawsuit held on 7 March 2016. The next court hearing has been fixed on 4 April 2016.

B10 The Board does not recommend any dividend for the current quarter (previous year corresponding quarter ended 31 January 2015 : Nil).

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

	Group (3-month period)			
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000		sen	
Net loss for the quarter attributable to equity holders of the Parent	<u>(21,017)</u>	<u>(26,636)</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	<u>4,989,394</u>	<u>4,987,960</u>		
Basic loss per share			<u>(0.42)</u>	<u>(0.53)</u>
	Group (9-month period)			
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000		sen	
Net profit for the period attributable to equity holders of the Parent	<u>197,194</u>	<u>19,999</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	<u>4,989,394</u>	<u>4,982,549</u>		
Basic earnings per share			<u>3.95</u>	<u>0.40</u>

There are no potential ordinary shares outstanding as at 31 January 2016. As such, the fully diluted (loss)/earnings per share of the Group is equivalent to the basic (loss)/earnings per share.