

BERJAYA LAND BERHAD

Company No: 201765-A

20 December 2016

**UNAUDITED INTERIM FINANCIAL REPORT FOR
THE QUARTER ENDED 31 OCTOBER 2016**

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BERJAYA LAND BERHAD
(Company No: 201765 - A)

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

	Note	Group	
		As at 31/10/2016 RM'000	As at 30/04/2016 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,694,843	1,732,398
Investment properties		621,903	621,903
Land held for development		1,477,901	1,499,753
Associated companies		524,024	484,462
Joint ventures		61,538	45,310
Investments		79,489	93,618
Intangible assets		4,681,254	4,700,949
Receivables		661,696	612,198
Deferred tax assets		41,597	45,348
		<u>9,844,245</u>	<u>9,835,939</u>
Current Assets			
Property development costs		345,754	245,383
Inventories		521,516	585,356
Receivables		1,382,658	1,097,204
Short term investments		9,582	9,302
Tax recoverable		13,212	12,348
Deposits, cash and bank balances		1,153,814	1,653,718
Non current assets classified as held for sale		1,225,442	979,782
		<u>4,651,978</u>	<u>4,583,093</u>
TOTAL ASSETS		<u><u>14,496,223</u></u>	<u><u>14,419,032</u></u>
EQUITY AND LIABILITIES			
Share capital	A4	2,500,168	2,500,168
Reserves:			
Exchange reserves		207,463	122,525
Capital reserve		116,528	10,804
Fair value reserve		1,894,767	1,900,160
Available-For-Sale ("AFS") reserve		(2,475)	4,891
Consolidation reserve		13,023	21,220
Retained earnings		279,639	226,737
		<u>2,508,945</u>	<u>2,286,337</u>
Equity funds		5,009,113	4,786,505
Less: Treasury shares	A4	(20,699)	(20,699)
Net equity funds		<u>4,988,414</u>	<u>4,765,806</u>
Non-controlling interests		3,359,149	3,252,188
Total equity		<u><u>8,347,563</u></u>	<u><u>8,017,994</u></u>

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

	Note	Group	
		As at 31/10/2016 RM'000	As at 30/04/2016 RM'000 (Audited)
Non-current liabilities			
Retirement benefit obligations		6,875	9,675
Long term borrowings	B8	2,528,136	2,859,025
Other long term liabilities		137,134	129,100
Deferred taxation		147,060	150,869
		<u>2,819,205</u>	<u>3,148,669</u>
Current Liabilities			
Payables		2,226,530	2,299,005
Short term borrowings	B8	1,083,159	933,385
Retirement benefit obligations and provisions		2,375	1,433
Tax payable		17,391	18,546
		<u>3,329,455</u>	<u>3,252,369</u>
Total Liabilities		<u>6,148,660</u>	<u>6,401,038</u>
TOTAL EQUITY AND LIABILITIES		<u>14,496,223</u>	<u>14,419,032</u>
<i>Net assets per RM0.50 share attributable to ordinary equity holders (with voting rights) of the parent (RM)</i>		<u>1.00</u>	<u>0.95</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 2016.

BERJAYA LAND BERHAD
(Company No: 201765 - A)

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

	Note	CURRENT QUARTER ENDED		FINANCIAL PERIOD ENDED	
		31/10/2016 RM'000	31/10/2015 RM'000	31/10/2016 RM'000	31/10/2015 RM'000
REVENUE		1,618,403	1,608,605	3,170,339	3,107,737
OPERATING EXPENSES, NET		(1,484,322)	(1,451,820)	(2,920,668)	(2,805,860)
PROFIT FROM OPERATIONS	A3	134,081	156,785	249,671	301,877
Investment related income, net	A3	169,827	207,330	182,954	217,512
Share of results from associated companies		37,557	(354)	18,228	(1,018)
Share of results from joint ventures		(942)	(1,551)	(1,902)	(3,468)
Finance costs		(42,165)	(52,122)	(96,716)	(102,694)
PROFIT BEFORE TAX	B5	298,358	310,088	352,235	412,209
TAXATION	B6	(27,514)	(59,911)	(76,000)	(103,221)
PROFIT NET OF TAX		270,844	250,177	276,235	308,988
ATTRIBUTABLE TO:					
- Owners of the parent		180,472	208,299	153,233	218,211
- Non-controlling interests		90,372	41,878	123,002	90,777
		270,844	250,177	276,235	308,988
EARNINGS PER SHARE (SEN)	B11				
- Basic		3.62	4.17	3.07	4.37
- Fully diluted		3.62	4.17	3.07	4.37

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 April 2016.

BERJAYA LAND BERHAD
(Company No: 201765 - A)

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

	CURRENT QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/10/2016 RM'000	31/10/2015 RM'000	31/10/2016 RM'000	31/10/2015 RM'000
PROFIT NET OF TAX	270,844	250,177	276,235	308,988
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	(2,985)	(16,808)	(16,975)	(25,257)
- Transfer to profit or loss upon disposal	-	1,069	-	1,069
Amortisation of gaming rights	(2,697)	-	(5,393)	-
Share of an associated company's changes in fair value of available-for-sale investments and exchange reserve	(223)	(289)	(1,247)	(2,200)
Currency translation differences	43,489	260,781	103,441	362,806
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD	308,428	494,930	356,061	645,406
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the parent	215,145	432,390	225,412	514,856
- Non-controlling interests	93,283	62,540	130,649	130,550
	308,428	494,930	356,061	645,406

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2016.

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

	Attributable to the owners of the Parent										
	Non Distributable										
	Share capital	Exchange reserves	Capital reserve	Fair value reserve	AFS reserve	Consolidation reserve	Retained earnings	Treasury shares	Total net equity funds	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2016	2,500,168	122,525	10,804	1,900,160	4,891	21,220	226,737	(20,699)	4,765,806	3,252,188	8,017,994
Total comprehensive income	-	84,938	-	(5,393)	(7,366)	-	153,233	-	225,412	130,649	356,061
Transactions with owners:											
Non-controlling interests arising from dilution of equity interest in a subsidiary company	-	-	-	-	-	(8,197)	-	-	(8,197)	49,040	40,843
Transferred from distributable earnings to capital reserve arising from a subsidiary company's bonus issue of shares	-	-	105,724	-	-	-	(105,724)	-	-	-	-
Effects of amortisation of gaming rights	-	-	-	-	-	-	5,393	-	5,393	-	5,393
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	(72,728)	(72,728)
	-	-	105,724	-	-	(8,197)	(100,331)	-	(2,804)	(23,688)	(26,492)
At 31 October 2016	<u>2,500,168</u>	<u>207,463</u>	<u>116,528</u>	<u>1,894,767</u>	<u>(2,475)</u>	<u>13,023</u>	<u>279,639</u>	<u>(20,699)</u>	<u>4,988,414</u>	<u>3,359,149</u>	<u>8,347,563</u>

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

	Attributable to the owners of the Parent										
	Non Distributable										
	Share capital	Exchange reserves	Capital reserve	Fair value reserve	AFS reserve	Consolidation reserve	Retained earnings	Treasury shares	Total net equity funds	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	309,548	-	-	(12,903)	-	218,211	-	514,856	130,550	645,406
Transactions with owners:											
Non-controlling interests arising from:											
- deemed disposal arising from dilution of equity interest in a subsidiary company	-	46,406	-	-	-	-	(46,406)	-	-	-	-
- accretion of equity interest in a subsidiary company	-	-	-	-	-	-	-	-	-	(15,030)	(15,030)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	(59,445)	(59,445)
	-	46,406	-	-	-	-	(46,406)	-	-	(74,475)	(74,475)
At 31 October 2015	<u>2,500,168</u>	<u>352,600</u>	<u>10,804</u>	<u>1,935,385</u>	<u>211</u>	<u>21,220</u>	<u>639,787</u>	<u>(20,699)</u>	<u>5,439,476</u>	<u>3,348,140</u>	<u>8,787,616</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 April 2016.

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

	6 months ended	
	31/10/2016	31/10/2015
	RM'000	RM'000
OPERATING ACTIVITIES		
Receipts from customers/operating revenue	3,290,718	3,246,398
Payment to prize winners, suppliers, duties, taxes and other operating expenses	(3,422,219)	(3,211,008)
Tax paid	(75,640)	(98,377)
Other (payments)/receipts (inclusive of tax refunds)	(1,362)	7,965
Net cash used in operating activities	(208,503)	(55,022)
INVESTING ACTIVITIES		
Sale of property, plant and equipment and non-current assets	1,440	746
Sale of other investments and short term investments	3,407	45,500
Repayment of advances from a former subsidiary company	-	103,370
Net cash outflow from deemed disposal arising from dilution of interest in a subsidiary company	-	(32,370)
Partial disposal of equity interest in a subsidiary company	40,842	-
Net cash inflow from settlement for surrendering certain assets and lease interests	127,309	-
Acquisition of property, plant and equipment, non-current assets and properties	(31,452)	(37,913)
Acquisition of other investments and short term investments	(3,015)	(2,154)
Acquisition of treasury shares by a subsidiary company	-	(15,028)
Additional subscription of shares in an associated company	-	(765)
Acquisition of investments in associated companies and joint ventures	(15,315)	-
Interest received	20,300	16,054
Dividend received	833	810
Advances from related companies	30,457	27,334
Advances to joint ventures and associated companies	(118,048)	(4,844)
Other payments	(50)	(51,612)
Net cash generated from investing activities	56,708	49,128
FINANCING ACTIVITIES		
Drawdown of bank and other borrowings	347,480	631,675
Repayment of bank and other borrowings	(532,802)	(604,084)
Dividends paid to non-controlling interests of a subsidiary company	(72,728)	(59,445)
Interest paid	(93,228)	(101,834)
Withdrawal from/(Placement in) banks as security pledged for borrowings	367,042	(26,928)
Other payments	(3,937)	(3,821)
Net cash generated from/(used in) financing activities	11,827	(164,437)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(139,968)	(170,331)
EFFECTS OF EXCHANGE RATE CHANGES	7,687	72,151
OPENING CASH AND CASH EQUIVALENTS	838,133	907,507
CLOSING CASH AND CASH EQUIVALENTS	705,852	809,327
The closing cash and cash equivalents comprise the following:		
Deposits, cash and bank balances	1,153,814	994,724
Bank overdraft (included under short term borrowings)	(9,005)	(15,031)
Less: cash and cash equivalents restricted in use	(438,957)	(170,366)
	705,852	809,327

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 April 2016.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 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 2016. 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 2016. The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 May 2016.

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

- A2 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 October 2016 other than as disclosed below:

Statement of Changes in Equity

A transfer of distributable retained earnings to capital reserve amounting to RM105.72 million, arising from a foreign subsidiary company's bonus issue of shares.

Statement of Profit or Loss

(i) Included under investment related income, net:	Quarter ended 31/10/2016 RM'000	Financial period ended 31/10/2016 RM'000
Fair value changes of fair value through profit or loss ("FVTPL") quoted equity investments	(2,001)	(2,858)
Gain on disposal of unquoted investment	-	967
Loss on deemed partial disposal arising from dilution of equity interest in an associated company	(7,003)	(8,578)
Gain on settlement for surrendering certain assets and lease interests by a subsidiary company to the relevant authorities	163,639	163,639
	<u>154,635</u>	<u>153,170</u>

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 2016
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 October 2016.

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

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

As at 31 October 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 October 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 October 2016.

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

REVENUE

	External RM'000	Inter-segment RM'000	Total RM'000
Toto betting operations and leasing of lottery equipment	1,663,859	-	1,663,859
Motor retailer	1,215,032	-	1,215,032
Property development and investment	94,886	4,574	99,460
Hotels and resorts	154,354	1,261	155,615
Clubs and others	42,208	10,989	53,197
Sub-total	3,170,339	16,824	3,187,163
Less: Inter-segment revenue	-	(16,824)	(16,824)
Total revenue	3,170,339	-	3,170,339

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

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

RESULTS

	RM'000
Toto betting operations and leasing of lottery equipment	208,982
Motor retailer	17,331
Property development and investment	23,208
Hotels and resorts	16,947
Clubs and others	<u>(12,445)</u>
	254,023
Unallocated corporate items	<u>(4,352)</u>
	249,671
Investment related income, net:	
- Interest income	28,952
- Dividend income	832
- Fair value changes of FVTPL quoted equity investments	(2,858)
- Gain on disposal of unquoted investment	967
- Loss on deemed partial disposal arising from dilution of equity interest in an associated company	(8,578)
- Gain on settlement for surrendering certain assets and lease interests by a subsidiary company to the relevant authorities	<u>163,639</u>
	182,954
Share of results from associated companies	18,228
Share of results from joint ventures	(1,902)
Finance costs	<u>(96,716)</u>
Profit before tax	352,235
Taxation	<u>(76,000)</u>
Profit for the period	<u><u>276,235</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 except as follows:

- (i) On 9 December 2016, Berjaya Philippines Inc. ("BPI"), an indirect subsidiary of Berjaya Sports Toto Berhad ("BToto") listed on the Philippine Stock Exchange ("PSE"), released an announcement to PSE that it had on 8 December 2016 executed a Share Sale Agreement to purchase from Bentley Motors Limited 6,589,934 shares of H.R. Owen Plc ("H.R. Owen"), an existing subsidiary company of BPI for a total consideration of £14.8 million (or about RM82.6 million), or £2.25 per share ("Share Purchase"). Completion of the aforesaid Share Purchase is within 6 months, or not later than 8 June 2017. Upon the completion of the Share Purchase, BPI will increase its equity interests in H.R. Owen from 72.03% to 98.38%; and
- (ii) On 16 December 2016, the Company announced the disposal of Great Mall Project for a cash consideration of RMB2.08 billion (or about RM1.39 billion) by GMOC has been completed with the receipt of RMB1.015 billion by GMOC following the fulfilment of all CP. Details of the disposal are disclosed in Note B7(d).

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

- A8 There were no material changes in the composition of the Group for the financial period ended 31 October 2016 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for:
- (i) the decrease of the Group's equity interest in BToto from 41.40% to 40.05% following the disposal of 14.2 million BToto shares, representing 1.35% equity interest in BToto by the Company and Gateway Benefit Sdn Bhd, a wholly-owned subsidiary of the Company, for a total gross cash consideration of RM41.09 million;
 - (ii) the subscription of 42,500 new ordinary shares in Neptune Properties Inc. ("Neptune") for a total consideration of Peso82.3 million (or about RM7.1 million), representing 41.5% equity interests in Neptune by BPI;
 - (iii) the deemed partial disposal in July 2016 arising from the dilution of the BPI's equity interest in an associated company, Bermaz Auto Philippines Inc. (formerly known as Berjaya Auto Philippines Inc.) ("B.Auto Philippines") from 35% to 33.25% following B.Auto Philippines enlarged its issued and paid up share capital from Peso209.0 million to Peso220.0 million arising from new placement of shares. On 18 August 2016, BPI's equity interest in B. Auto Philippines has further diluted from 33.25% to 25.48% following B.Auto Philippines further enlarged its issued and paid up share capital from Peso220.0 million to Peso287.1 million through additional new placement of shares. Subsequent on 15 September 2016, B.Auto Philippines issued stock dividend amounting to Peso623.0 million to its existing shareholders via issuance of B.Auto Philippines shares and its issued and paid up share capital has further increased to Peso910.1 million while BPI's equity interest in B.Auto Philippines remains unchanged, at 25.48%;
 - (iv) the subscription of 40,000 new ordinary shares by BPI in Berjaya Pizza Philippines Inc. ("B.Pizza Philippines") for a total consideration of Peso35.0 million (or about to RM3.0 million) and the interests in B. Pizza Philippines increased from 41.43% to 45.76%; and
 - (v) the acquisition of 2,750 ordinary shares of RM1.00 each, representing 11% in Pasdec Cempaka Sdn Bhd ("Pasdec Cempaka") for a total cash consideration of RM15.0 million. Consequently, the Group's interest in Pasdec Cempaka, which is regarded as a joint venture, has increased from 40% to 51%.
- A9 There are no material changes in contingent liabilities since the last audited statement of financial position as at 30 April 2016.
- A10 There were no material changes in capital commitments since the last audited statement of financial position as at 30 April 2016, except as follows:
- (i) On 28 November 2016, Berjaya Okinawa Development Co. Ltd, an indirect wholly-owned subsidiary company of the Company had entered into a sales agreement with Shurei Tourism Development Co. Ltd to acquire several parcels of land and a hotel building constructed thereon, known as Royal Garden Hotel, for a total cash consideration of JPY1.74 billion (or about RM69.8 million). This hotel is located at Uruma City, Okinawa, Japan and is currently not in operations. The proposed acquisition is still pending completion.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 OCTOBER 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, illegal gaming and the number of draws in the financial period.

Motor retailing and provision of aftersales services

- the trend in prestige and specialist cars predominantly in the London area of United Kingdom.

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.

The revenue from toto betting operations is presented net of gaming tax and Malaysian Goods and Services Tax ("GST") on gaming supply. In the previous year corresponding quarter and period ended 31 October 2015, the revenue from toto betting operations was recognised based on ticket sales net of gaming tax but inclusive of GST. The GST was previously classified under cost of sales and this has been adjusted and reclassified to conform with current period's presentation.

Review of Results For the Quarter

For the current quarter under review, the Group reported a revenue of RM1.62 billion and pre-tax profit of RM298.36 million as compared to RM1.61 billion and RM310.09 million respectively reported in the previous year corresponding quarter.

The marginally higher Group revenue in the current quarter was mainly due to:

- higher revenue from H.R. Owens Plc ("HR Owen") from higher sales volume of new car coupled with certain new models available for sale;
- the recognition of substantial project contract sales by International Lottery & Totalizator Systems, Inc. ("ILTS") a subsidiary of BToto; and
- higher revenue from the hotels and resorts business arising from higher overall average room rates, in spite of a drop in overall occupancy rates.

These have offset the lower revenue reported by:

- the gaming business operated by BToto's principal subsidiary Sports Toto Malaysia Sdn Bhd ("STMSB"). In the previous year corresponding quarter, STMSB achieved strong sales for high jackpot in the 4D Jackpot game;
- the property development and investment business from the lower progress billings.

The Group's pre-tax profit was lower in the current quarter under review mainly due to:

- higher prize payout and operating expenses reported by STMSB;
- lower profit contribution from the property development and investment business from lower progress billings;
- the amortisation of gaming rights allocated to the Philippines leasing of online lottery equipment business segment; and
- the lower investment related income.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

Review of Results For the Quarter (Cont'd)

These were partly mitigated by:

- (i) the correspondingly higher profit of the hotels and resorts business arising from higher revenue; and
- (ii) the higher share of profit from associated companies particularly from Berjaya Kyoto Development (S) Limited ("BKDS"). BKDS has recognised sales of several units of residences located at the recently opened luxurious Four Seasons Hotel Kyoto. This has offset the share of losses from Berjaya Assets Berhad which reported a material underprovision of tax in respect of prior years.

Included in the investment related income of the current quarter under review was the gain on settlement for surrendering certain assets and lease interests by a subsidiary company to the relevant authorities amounting to RM163.64 million. In the previous year corresponding quarter, the Group recognised gain on deemed partial disposal of a subsidiary company and the resultant gain on re-measurement of the Group's remaining stake amounting to RM196.3 million.

Review of Results For the 6-month Period

For the current 6-month under review, the Group reported a revenue of RM3.17 billion and pre-tax profit of RM352.24 million as compared to RM3.11 billion and RM412.21 million respectively reported in the previous year corresponding quarter.

The higher Group revenue was mainly due to the factors mentioned in the above review of results for the quarter.

The Group's pre-tax profit was lower in the current quarter mainly due to:

- (i) higher prize payout and operating expenses reported by STMSB;
- (ii) lower profit contribution from the property development and investment business from lower progress billings;
- (iii) the amortisation of gaming rights allocated to the Philippines leasing of online lottery equipment business segment; and
- (iv) the lower investment related income.

The above factors was partly mitigated by the higher share of profit from BKDS, an associated company of the Group.

B2 Review of Results of Second Quarter Vs First Quarter

For the current quarter under review, the Group reported an increase of about 4% in revenue to RM1.62 billion from RM1.55 billion reported in the preceding quarter. Pre-tax profit for the current quarter was at RM298.36 million as compared to RM53.88 million reported in the first quarter ended 31 July 2016.

The higher Group revenue was mainly due to:

- (i) the recognition of substantial project contract sales by ILTS;
- (ii) higher revenue from the hotels and resorts business arising from higher overall occupancy and average room rates; and
- (iii) higher revenue reported by the property development and investment business from the higher progress billings.

STMSB reported lower revenue mainly due to strong sales from high jackpot in the 4D Jackpot game in the preceding quarter whilst HR Owen also reported lower car sales in the current quarter.

The Group's pre-tax profit was higher in the current financial quarter under review mainly due to the correspondingly higher profit contribution reported by ILTS, the hotels and resorts and the property development and investment business segments. As mentioned in Note B1, share of profit from associated companies was also higher in the current quarter. These have offset the lower profit reported by STMSB resulting from higher prize payout and operating expenses.

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B2 Review of Results of Second Quarter Vs First Quarter (Cont'd)

In addition, the Group recognised higher investment related income in the current quarter under review which mainly comprised the gain on settlement for surrendering certain assets and lease interests by a subsidiary company to the relevant authorities amounting to RM163.64 million.

B3 Future Prospects

The volatility of the global economic environment, weaker consumer sentiments and rising costs that affect consumer spending power as well as intense competition from the illegal gaming activities continue to pose challenges to the businesses of the Group. With this, the Directors expect the NFO business to be challenging for the remaining quarters of the financial year ending 30 April 2017. In spite of the above, the Directors expect the Group to maintain its market share in the NFO business.

On the operation of H.R. Owen Plc., there is no immediate material or noticeable impact on the luxury vehicles market resulting from the uncertainties of Brexit as at to-date. However, the Directors are cautious of the uncertainties that may arise from the Brexit and the impact it may have on the motor dealership segment performance for the remaining quarters of the financial year ending 30 April 2017.

The performance of the hotels and resorts business is expected to remain satisfactory whilst the property market outlook is expected to remain lukewarm. Under the foregoing circumstances, the Directors are of the view that the operating performance of the Group will continue to remain challenging in the remaining quarters of the financial year ending 30 April 2017.

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

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

	Quarter ended 31/10/2016 RM'000	Financial period ended 31/10/2016 RM'000
Interest income	(14,553)	(28,952)
Dividend income	(639)	(832)
Other income excluding dividend and interest income	(3,549)	(7,648)
Depreciation of property, plant and equipment	20,181	39,253
Gain on disposal of property, plant and equipment	(389)	(327)
Amortisation of intangible assets	7,381	14,685
Reversal of impairment loss on receivables	-	46
Provision for and write off of inventories	1,767	2,365
Net foreign exchange gain	(30,807)	(33,455)
Gain on disposal of unquoted investment	-	(967)
Fair value changes of FVTPL quoted investments	2,001	2,858
Loss on deemed partial disposal arising from dilution of equity interest in an associated company	7,003	8,578
Gain on settlement for surrendering certain assets and lease interests by a subsidiary company to the relevant authorities	(163,639)	(163,639)
Gain or loss on derivatives	-	-

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

	Quarter ended 31/10/2016 RM'000	Financial period ended 31/10/2016 RM'000
Malaysian income tax	30,281	63,736
Foreign tax	5,341	13,116
Underprovision in prior years	(8,582)	(796)
Deferred taxation	474	(56)
	<u>27,514</u>	<u>76,000</u>

The disproportionate tax charge of the Group for the financial quarter and period ended 31 October 2016 was mainly due to certain expenses being disallowed for tax purposes and the 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.

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 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.

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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):

- 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 conditions precedent ("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.

Pursuant to the aforesaid Supplemental Agreement, the period is extended for another year to 18 January 2018 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.

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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):

- (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.

- (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 ("1st Instalment"). This amount shall be released to GMOC within 5 working days after all condition precedents ("CP") have been fulfilled.

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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):

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

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.

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

	RM'000	RM'000
<u>Short term borrowings</u>		
Secured bank borrowings		
Denominated in Ringgit Malaysia	705,255	
Denominated in USD (USD10,410,000) *	43,803	
Denominated in GBP (£5,400,000) *	27,676	
Denominated in SGD (SGD13,817,000) *	41,751	
Denominated in VND (VND332,777,000) *	63	
		818,548
Secured Medium Term Notes (Denominated in RM)		255,000
		1,073,548
Secured finance lease and hire purchase payables		
Denominated in Ringgit Malaysia	1,947	
Denominated in USD (USD1,821,000)	7,664	
		9,611
		1,083,159
<u>Long term borrowings</u>		
Secured bank borrowings		
Denominated in Ringgit Malaysia	873,255	
Denominated in USD (USD33,984,000) *	142,989	
Denominated in GBP (£13,550,000) *	69,482	
Denominated in RMB (RMB350,000,000) *	217,298	
Denominated in SGD (SGD1,554,000) *	4,696	
		1,307,720
Secured Medium Term Notes (Denominated in RM)		1,138,453
Secured finance lease and hire purchase payables		
Denominated in Ringgit Malaysia	2,932	
Denominated in USD (USD18,783,000)	79,031	
		81,963
		2,528,136
Total borrowings		3,611,295

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

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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.

On completion of the land repurchased by JDC, BJR terminated the Land SPA in respect of the remaining land under Phase 1 of the Jeju Project. At date of this announcement, a total of six court hearings have been held. At the sixth court hearing, the presiding judge had agreed to BJR's application to conduct land price appraisal of Jeju Project. The JDC Lawsuit is still ongoing.

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

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

	Group (3-month period)			
	31/10/2016	31/10/2015	31/10/2016	31/10/2015
	RM'000		sen	
Net profit for the quarter attributable to equity holders of the Parent	<u>180,472</u>	<u>208,299</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	<u>4,989,394</u>	<u>4,989,394</u>		
Basic earnings per share			<u>3.62</u>	<u>4.17</u>

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B11 The basic and fully diluted earnings per share are calculated as follows (cont'd):

	Group (6-month period)			
	31/10/2016	31/10/2015	31/10/2016	31/10/2015
	RM'000		sen	
Net profit for the period attributable to equity holders of the Parent	<u>153,233</u>	<u>218,211</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	<u>4,989,394</u>	<u>4,989,394</u>		
Basic earnings per share			<u>3.07</u>	<u>4.37</u>

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

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

		As at 31/10/2016 RM'000	As at 30/04/2016 RM'000 (Audited)
Realised earnings		466,641	229,379
Unrealised earnings		<u>516,377</u>	<u>520,362</u>
		983,018	749,741
Share of results from associated companies	*	79,121	60,893
Share of results from joint ventures	*	<u>(211,586)</u>	<u>(209,684)</u>
		850,553	600,950
Less: Consolidation adjustments		<u>(570,914)</u>	<u>(374,213)</u>
		<u>279,639</u>	<u>226,737</u>

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

c.c. Securities Commission