

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	3 months ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	44,628	36,006	98,154	106,812
Cost of sales	(25,313)	(23,317)	(58,379)	(72,226)
Gross profit	<u>19,315</u>	<u>12,689</u>	<u>39,775</u>	<u>34,586</u>
Selling and marketing expenses	(3,577)	(1,869)	(7,688)	(5,626)
Administrative expenses	(10,033)	(11,393)	(18,984)	(22,851)
Other net operating income/(loss)	1,721	(1,260)	3,453	19,612
Profit/(loss) from operations	<u>7,426</u>	<u>(1,833)</u>	<u>16,556</u>	<u>25,721</u>
Finance income	381	162	883	291
Finance costs	(9,640)	(9,541)	(18,487)	(13,144)
Share of results of associates and joint ventures	114,371	4,643	115,278	5,204
Profit/(loss) before tax	<u>112,538</u>	<u>(6,569)</u>	<u>114,230</u>	<u>18,072</u>
Income tax expense	(730)	215	(1,286)	(1,962)
Profit/(loss) for the period	<u>111,808</u>	<u>(6,354)</u>	<u>112,944</u>	<u>16,110</u>
Profit/(loss) attributable to:				
Owners of the parent	110,811	(7,479)	111,076	13,853
Non-controlling interests	997	1,125	1,868	2,257
Profit/(loss) for the period	<u>111,808</u>	<u>(6,354)</u>	<u>112,944</u>	<u>16,110</u>
Earnings per share attributable to owners of the parent:				
a) Basic (sen)	16.542	(1.116)	16.581	2.068
b) Diluted (sen)	16.542	(1.116)	16.581	2.068

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

GUOCOLAND (MALAYSIA) BERHAD (300-K)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016 (cont'd)

	3 months ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period	111,808	(6,354)	112,944	16,110
Other comprehensive (loss)/income:				
Fair value (loss)/gain on available-for-sale investments	-	46	594	(457)
Foreign currency translation	(10)	-	(15)	37
Other comprehensive (loss)/income for the period	(10)	46	579	(420)
Total comprehensive income/(loss) for the period	111,798	(6,308)	113,523	15,690
Total comprehensive income attributable to:				
Owners of the parent	110,801	(7,433)	111,655	13,433
Non-controlling interests	997	1,125	1,868	2,257
Total comprehensive income/(loss) for the period	111,798	(6,308)	113,523	15,690

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	As at 31.12.2016 RM'000	As at 30.06.2016 RM'000
Non-current assets		
Property, plant and equipment	352,671	336,524
Investment properties	528,500	528,500
Land held for property development	303,322	303,322
Investments in associates	314,067	200,183
Investments in joint ventures	111,925	112,645
Available-for-sale investments	2,424	1,830
Goodwill	13,076	13,297
Deferred tax assets	7,696	6,361
Derivative financial assets	185	255
	<u>1,633,866</u>	<u>1,502,917</u>
Current assets		
Inventories	795,598	823,914
Property development costs	253,581	235,689
Trade and other receivables	109,630	77,370
Other current assets	1,187	18,582
Tax recoverable	7,564	3,408
Other investments	49	6,746
Cash and cash equivalents	89,446	218,061
	<u>1,257,055</u>	<u>1,383,770</u>
TOTAL ASSETS	<u>2,890,921</u>	<u>2,886,687</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (cont'd)

	As at 31.12.2016 RM'000	As at 30.06.2016 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	350,229	350,229
Reserves	995,175	896,918
Equity funds	<u>1,345,404</u>	<u>1,247,147</u>
Shares held by ESS Trust	<u>(23,883)</u>	<u>(23,883)</u>
	1,321,521	1,223,264
Non-controlling interests	<u>115,601</u>	<u>113,733</u>
TOTAL EQUITY	<u>1,437,122</u>	<u>1,336,997</u>
Non-current liabilities		
Loans and borrowings	851,000	869,894
Deferred tax liabilities	33,407	33,629
Derivative financial liabilities	142	307
	<u>884,549</u>	<u>903,830</u>
Current liabilities		
Trade and other payables	199,881	236,081
Progress billings in respect of property development costs	5,248	-
Loans and borrowings	361,619	404,226
Tax payable	2,502	5,553
	<u>569,250</u>	<u>645,860</u>
TOTAL LIABILITIES	<u>1,453,799</u>	<u>1,549,690</u>
TOTAL EQUITY AND LIABILITIES	<u>2,890,921</u>	<u>2,886,687</u>
Net assets per share attributable to ordinary owners of the parent (RM)	1.9728	1.8261

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	←----- Attributable to owners of the parent -----→										
	←----- Non-Distributable -----→					----- Distributable -----→					
	Share capital	Share premium	Shares held by ESS Trust	Merger redemption reserve	Capital redemption reserve	Exchange reserve	Fair value reserve	Retained profits	Total	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
Current year-to-date											
At 1 July 2016	350,229	35,089	(23,883)	(24,028)	27	23	388	885,419	1,223,264	113,733	1,336,997
Total comprehensive (loss)/income for the period	-	-	-	-	-	(15)	594	111,076	111,655	1,868	113,523
Transactions with owners:											
Dividend paid	-	-	-	-	-	-	-	(13,398)	(13,398)	-	(13,398)
At 31 December 2016	350,229	35,089	(23,883)	(24,028)	27	8	982	983,097	1,321,521	115,601	1,437,122

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016 (cont'd)**

	←----- Attributable to owners of the parent -----→										
	←----- Non-Distributable -----→							Distributable			
	Share capital	Share premium	Shares held by ESS Trust	Merger redemption reserve	Capital reserve	Exchange reserve	Fair value reserve	Retained profits	Total	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
Preceding year corresponding period											
At 1 July 2015	350,229	35,089	(23,883)	(24,028)	17	3	434	784,787	1,122,648	109,077	1,231,725
Total comprehensive income/(loss) for the period	-	-	-	-	-	37	(457)	13,853	13,433	2,257	15,690
Transactions with owners:											
Dividend paid	-	-	-	-	-	-	-	(13,398)	(13,398)	-	(13,398)
At 31 December 2015	350,229	35,089	(23,883)	(24,028)	17	40	(23)	785,242	1,122,683	111,334	1,234,017

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	6 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	114,230	18,072
Adjustments for:		
Mark-to-market gain on derivatives	(95)	(987)
Property, plant and equipment:		
- depreciation	2,970	3,011
- written off	-	2
- gain on disposal	(28)	-
Realisation of goodwill	221	460
Net gain on fair value adjustments of investment properties	-	(16,680)
Allowance for impairment on trade and other receivables	20	-
Interest expense	18,487	13,144
Interest income	(883)	(291)
Elimination of unrealised profit arising from transactions with joint ventures	169	320
Share of results of associates and joint ventures	(115,278)	(5,204)
Operating profit before working capital changes	<u>19,813</u>	<u>11,847</u>
Working capital changes:		
Inventories	28,316	16,680
Receivables	(12,210)	(13,546)
Property development costs	(15,449)	(52,766)
Payables	(29,338)	15,987
Joint ventures balances	(337)	(1,299)
Related company balances	(3,951)	(880)
Cash flow used in operations	(13,156)	(23,977)
Interest received	20	-
Interest paid	(20,932)	(33,174)
Tax paid	(10,049)	(7,166)
Net cash flows used in operating activities	<u>(44,117)</u>	<u>(64,317)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016 (cont'd)

	6 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(19,117)	(17,755)
Additions in:		
- land held for property development	-	(81)
- investment properties	-	(59,336)
Dividend income from associates	1,945	1,945
Proceeds from disposals of:		
- investment securities	6,697	-
- plant and equipment	28	-
Interest received	863	291
Net cash flows used in investing activities	<u>(9,584)</u>	<u>(74,936)</u>
Cash flows from financing activities		
Bank borrowings drawdown	239,965	207,165
Repayment of bank borrowings	(307,009)	(54,149)
Dividend paid	(13,398)	(13,398)
Net cash flow (used in)/generated from financing activities	<u>(80,442)</u>	<u>139,618</u>
Net (decrease)/increase in cash and cash equivalents	(134,143)	365
Effect of exchange rate changes on cash and cash equivalents	(15)	37
Cash and cash equivalents at beginning of the financial period	211,958	45,810
Cash and cash equivalents at end of the financial period	<u>77,800</u>	<u>46,212</u>

Cash and cash equivalents comprise the following:

	31.12.2016	31.12.2015
	RM'000	RM'000
Deposits, cash and bank balances	89,446	64,801
Investment in short term funds	-	450
Bank overdrafts	(11,646)	(19,039)
	<u>77,800</u>	<u>46,212</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

2. Changes in accounting policies

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 30 June 2016 except for the adoption of the relevant new FRSs, amendments to FRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2016 and 1 July 2016 respectively. The Group has not early adopted the standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the annual periods beginning on or after 1 July 2016.

The adoption of the new FRSs, amendments to FRSs and IC Interpretations does not have any material impact on the financial position and results of the Group.

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 “Agriculture” and IC Interpretation 15 “Agreements for Construction of Real Estate”, including its parent, significant investor and venturer (herein called “Transitioning Entities”).

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the definition of “Transitioning Entities” and accordingly, will adopt the MFRS Framework for the financial year beginning on 1 July 2018.

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3. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding annual financial statements was not subject to any qualification.

4. Seasonality or cyclicity of interim operations

The Group's interim operations were not materially affected by any seasonal or cyclical factors for the current quarter under review.

5. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period ended 31 December 2016.

6. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial period.

7. Issues, repurchases and repayments of debt and equity securities

There were no additional shares purchased by the trust set up for the Executive Share Scheme ("ESS")("ESS Trust") during the current quarter under review. As at 31 December 2016, a total of 30,578,100 shares of GuocoLand (Malaysia) Berhad ("GLM") were held by the ESS Trust.

During the financial year ended 30 June 2016, options over 10,000,000 shares of the Company, which was granted pursuant to the ESS, had lapsed arising from the resignation of the grantee in December 2015.

There were no issues, repurchases and repayments of debt and equity securities during the current financial period ended 31 December 2016.

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8. Dividend paid

During the financial period ended 31 December 2016, a final dividend of 2 sen per ordinary share amounted to RM13.398 million in respect of the financial year ended 30 June 2016 was paid on 8 December 2016.

9. Segmental reporting

The Group's segmental report for the current financial period ended 31 December 2016 is as follows:

	Property development RM'000	Property investment RM'000	Hotels RM'000	Plantations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	60,584	2,774	27,010	4,553	3,233	-	98,154
Inter-segment sales	-	-	-	-	1,514	(1,514)	-
Total revenue	<u>60,584</u>	<u>2,774</u>	<u>27,010</u>	<u>4,553</u>	<u>4,747</u>	<u>(1,514)</u>	<u>98,154</u>
Results							
Segment results	13,402	921	3,361	2,265	(2,993)	-	16,956
Unallocated corporate expenses							<u>(400)</u>
Profit from operations							16,556
Interest income	331	136	14	-	402	-	883
Finance costs							(18,487)
Share of results of associates	-	1,783	-	114,046	-	-	115,829
Share of results of joint ventures	(551)	-	-	-	-	-	(551)
Income tax expense	(692)	866	(2)	(646)	(812)	-	<u>(1,286)</u>
Profit for the period							<u>112,944</u>

Segmental reporting by geographical location has not been prepared as the Group's operations are substantially carried out in Malaysia.

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10. Valuations of property, plant and equipment and investment properties

The valuations of property, plant and equipment and investment properties were brought forward without any amendments from the previous annual financial statements.

11. Material subsequent events not reflected in the financial statements

There were no material subsequent events not reflected in the financial statements except for the following:

Tujuan Optima Sdn Bhd, a subsidiary of GLM, had on 5 July 2016, entered into a sale and purchase agreement with MV Properties Sdn Bhd for the proposed acquisition of two parcels of land located in Mukim Cheras, Daerah Hulu Langat, Negeri Selangor, for a total cash consideration of RM128.0 million. This transaction was announced to Bursa Malaysia Securities Berhad on 5 July 2016.

12. Capital commitments

As at 31.12.2016
RM'000

Capital expenditure approved and contracted for:

- Property, plant and equipment

101,141

13. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

14. Review of performance

The Group recorded revenue of RM44.6 million for the current quarter under review as compared to RM36.0 million in the preceding year corresponding quarter. The increase in revenue was mainly due to the higher contribution from the residential project in Damansara City, commercial projects in PJ City and Old Klang Road.

The Group recorded higher profit before tax of RM112.5 million for the current quarter as compared to a loss before tax of RM6.6 million in the preceding year corresponding quarter due to the higher profits contributed by an associate, Vintage Heights Sdn Bhd, arising from the disposal of a parcel of land located in Mukim and District of Sepang, Selangor. The completion of the said disposal of land was announced to Bursa Malaysia Securities Berhad on 8 December 2016.

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15. Material change in profit before tax for the current quarter compared with the immediate preceding quarter

Comparing against profit before tax of RM1.7 million for the immediate preceding quarter, profit before tax for current quarter is higher by RM110.8 million. The higher profit in the current financial period was mainly due to the higher share of associate's profits, as disclosed in Note 14 above.

16. Prospects

Barring any unforeseen circumstances, the property market outlook and sentiment are expected to remain cautious. The Board foresees a challenging year ahead. The Group will continue to focus on its core activities, timely completion of its development projects as well as monetise its inventories.

17. Profit forecast/profit guarantee

Not applicable.

18. Profit for the year

Included in profit for the financial period/year are:

	Current Quarter	Year-to-date
	RM'000	RM'000
Depreciation of property, plant and equipment	1,461	2,970
Mark-to-market gain on derivatives	(468)	(95)

Other than the above items, there were no allowance for impairment and write off of inventories, gain or loss on disposal of property, unquoted investments or properties, impairment of assets and other exceptional items for the current quarter and financial period ended 31 December 2016.

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19. Taxation

Taxation comprises:

	Current Quarter	Year-to-date
	RM'000	RM'000
Current taxation		
- Malaysian income tax	(1,525)	(2,766)
- Deferred taxation	897	1,556
Prior year		
- Malaysian income tax	(102)	(76)
	<u>(730)</u>	<u>(1,286)</u>

The Group's effective tax rate (excluding joint ventures and associates) is higher than the statutory tax rate for the current financial year mainly due to the deferred tax assets not recognised.

20. Corporate proposals

There is no other outstanding corporate proposal as at the date of this report.

21. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 31 December 2016 are as follows:

	RM'000
Short term borrowings	
Secured	117,282
Unsecured	244,337
	<u>361,619</u>
Long term borrowings	
Secured	851,000
Unsecured	-
	<u>851,000</u>
Total borrowings	<u>1,212,619</u>

The above borrowings are all denominated in Ringgit Malaysia.

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22. Realised and unrealised profits disclosure

The breakdown of retained profits of the Group is as follows:

	As at 31.12.2016 RM'000	As at 30.06.2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	472,382	369,236
- Unrealised	127,242	242,915
	<u>599,624</u>	<u>612,151</u>
Total share of retained profits from associates:		
- Realised	34,211	34,971
- Unrealised	20,367	20,367
	<u>54,578</u>	<u>55,338</u>
Total share of retained profits from joint ventures:		
- Realised	36,053	36,773
- Unrealised	-	-
	<u>36,053</u>	<u>36,773</u>
Add: Consolidation adjustments	292,842	181,157
Total Group retained profits as per consolidated accounts	<u>983,097</u>	<u>885,419</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

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23. Derivative financial instruments

Derivative financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The Group has entered into interest rate swap contracts to hedge cash flow interest rate risk arising from floating rate bank loans and the details as at 31 December 2016 are as follows:

Type of Derivative	Contract/ Notional value	Net fair value gain
	RM'000	RM'000
Interest rate swaps	236,000	43

Interest rate swaps are used to reduce exposure to fluctuations in interest rates and are categorised as fair value through profit or loss and measured at their fair value with the changes in fair value being recognised in the profit or loss at each reporting date. During the current financial period ended 31 December 2016, the Group recognised a gain of approximately RM95,000 arising from fair values changes of financial derivative. The fair value changes are attributable to changes in floating and fixed interest rates.

There is minimal credit risk because the contracts are executed with established financial institution.

There is no significant change in the policy for mitigating or controlling the interest rate risk, credit risk, liquidity risk and foreign currency risk for the Group or the related accounting policies. Other related information associated with the financial instruments is consistent with the disclosures in the audited financial statements for the financial year ended 30 June 2016.

24. Changes in material litigation

Not applicable.

25. Dividend

The Board does not recommend any interim dividend for the current financial period ended 31 December 2016.

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26. Earnings per share

Basic EPS

The basic earnings per share are calculated based on the net profit attributable to ordinary shareholders for the financial period divided by the weighted average number of ordinary shares:

	3 months ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Net profit attributable to ordinary shareholders for the period (RM'000)	<u>110,811</u>	<u>(7,479)</u>	<u>111,076</u>	<u>13,853</u>
Weighted average number of shares ('000)	<u>669,880</u>	<u>669,880</u>	<u>669,880</u>	<u>669,880</u>
Basic EPS (sen)	<u>16.542</u>	<u>(1.116)</u>	<u>16.581</u>	<u>2.068</u>

Diluted EPS

The Group has no dilution in its EPS for the financial period under review as there are no dilutive potential ordinary shares.

By Order of the Board
GuocoLand (Malaysia) Berhad

LIM YEW YOKE
CHIN MIN YANN
Secretaries

Kuala Lumpur
18 January 2017