

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2017

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	3 months ended		Year-to-date ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	92,142	143,468	190,296	250,280
Cost of sales	(59,255)	(97,281)	(117,987)	(169,507)
Gross profit	<u>32,887</u>	<u>46,187</u>	<u>72,309</u>	<u>80,773</u>
Selling and marketing expenses	(2,572)	(3,413)	(9,907)	(9,039)
Administrative expenses	(16,012)	(17,390)	(34,996)	(40,241)
Other net operating income	2,319	6,108	5,772	25,720
Profit from operations	<u>16,622</u>	<u>31,492</u>	<u>33,178</u>	<u>57,213</u>
Finance income	1,054	274	1,937	565
Finance costs	(9,968)	(10,719)	(28,455)	(23,863)
Share of results of associates and joint ventures	6,780	(958)	122,058	4,246
Profit before tax	<u>14,488</u>	<u>20,089</u>	<u>128,718</u>	<u>38,161</u>
Income tax expense	(4,230)	(6,107)	(5,516)	(8,069)
Profit for the period	<u>10,258</u>	<u>13,982</u>	<u>123,202</u>	<u>30,092</u>
Profit attributable to:				
Owners of the parent	8,341	13,353	119,417	27,206
Non-controlling interests	1,917	629	3,785	2,886
Profit for the period	<u>10,258</u>	<u>13,982</u>	<u>123,202</u>	<u>30,092</u>
Earnings per share attributable to owners of the parent:				
a) Basic (sen)	1.245	1.993	17.827	4.061
b) Diluted (sen)	1.245	1.993	17.827	4.061

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 MARCH 2017 (cont'd)

	3 months ended		Year-to-date ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	10,258	13,982	123,202	30,092
Other comprehensive (loss)/income:				
Fair value gain/(loss) on available-for-sale investments	(137)	23	457	(434)
Foreign currency translation	(1)	(22)	(16)	15
Other comprehensive (loss)/income for the period	(138)	1	441	(419)
Total comprehensive income for the period	10,120	13,983	123,643	29,673
Total comprehensive income attributable to:				
Owners of the parent	8,203	13,354	119,858	26,787
Non-controlling interests	1,917	629	3,785	2,886
Total comprehensive income for the period	10,120	13,983	123,643	29,673

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 FINANCIAL POSITION
AS AT 31 MARCH 2017

	As at 31.03.2017 RM'000	As at 30.06.2016 RM'000
Non-current assets		
Property, plant and equipment	416,650	336,524
Investment properties	533,144	528,500
Land held for property development	437,062	303,322
Investments in associates	315,128	200,183
Investments in joint ventures	111,500	112,645
Available-for-sale investments	2,287	1,830
Goodwill	13,076	13,297
Deferred tax assets	6,916	6,361
Derivative financial assets	151	255
	<u>1,835,914</u>	<u>1,502,917</u>
Current assets		
Inventories	759,808	823,914
Property development costs	271,281	235,689
Trade and other receivables	118,064	77,370
Other current assets	1,593	18,582
Tax recoverable	7,404	3,408
Other investments	49	6,746
Cash and cash equivalents	125,774	218,061
	<u>1,283,973</u>	<u>1,383,770</u>
TOTAL ASSETS	<u>3,119,887</u>	<u>2,886,687</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017 (cont'd)

	As at 31.03.2017 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	1,003,378	896,918
Equity funds	1,353,607	1,247,147
Shares held by ESS Trust	(23,883)	(23,883)
	<u>1,329,724</u>	<u>1,223,264</u>
Non-controlling interests	117,518	113,733
TOTAL EQUITY	<u>1,447,242</u>	<u>1,336,997</u>
Non-current liabilities		
Loans and borrowings	1,170,637	869,894
Deferred tax liabilities	33,407	33,629
Derivative financial liabilities	142	307
	<u>1,204,186</u>	<u>903,830</u>
Current liabilities		
Trade and other payables	224,263	236,081
Progress billings in respect of property development costs	5,201	-
Loans and borrowings	234,757	404,226
Tax payable	4,238	5,553
	<u>468,459</u>	<u>645,860</u>
TOTAL LIABILITIES	<u>1,672,645</u>	<u>1,549,690</u>
TOTAL EQUITY AND LIABILITIES	<u>3,119,887</u>	<u>2,886,687</u>
Net assets per share attributable to ordinary owners of the parent (RM)	1.9850	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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	9 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	128,718	38,161
Adjustments for:		
Bad debts written off	-	6
Mark-to-market gain on derivatives	(61)	(335)
Property, plant and equipment:		
- depreciation	4,341	4,722
- written off	-	2
- gain on disposal	(125)	-
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	28,455	23,863
Interest income	(1,937)	(565)
Elimination of unrealised profit arising from transactions with an associate and joint ventures	4,047	319
Share of results of associates and joint ventures	(122,058)	(4,246)
Operating profit before working capital changes	41,621	45,707
Working capital changes:		
Inventories	64,106	16,376
Receivables	(36,890)	(115,222)
Property development costs	(31,665)	(35,853)
Payables	(41,369)	18,960
Joint ventures balances	(394)	(774)
Related company balances	48,312	996
Cash flow generated from/(used in) operations	43,721	(69,810)
Interest received	16	-
Interest paid	(32,384)	(45,660)
Tax paid	(11,603)	(8,883)
Net cash flows used in operating activities	(250)	(124,353)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (cont'd)

	9 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(84,467)	(24,354)
Additions in:		
- land held for property development	(133,740)	(292)
- investment properties	(4,644)	(87,778)
Dividend income from associates	4,211	4,211
Proceeds from disposals of:		
- investment properties	-	64,680
- investment securities	6,697	-
- plant and equipment	125	-
Interest received	1,921	565
Net cash flows used in investing activities	<u>(209,897)</u>	<u>(42,968)</u>
Cash flows from financing activities		
Bank borrowings drawdown	650,359	380,182
Repayment of bank borrowings	(514,366)	(240,707)
Dividend paid	(13,398)	(13,398)
Net cash flow generated from financing activities	<u>122,595</u>	<u>126,077</u>
Net decrease in cash and cash equivalents	(87,552)	(41,244)
Effect of exchange rate changes on cash and cash equivalents	(16)	15
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>124,390</u>	<u>4,581</u>

Cash and cash equivalents comprise the following:

	31.03.2017	31.03.2016
	RM'000	RM'000
Deposits, cash and bank balances	125,774	40,604
Bank overdrafts	(1,384)	(36,023)
	<u>124,390</u>	<u>4,581</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.

GUOCOLAND (MALAYSIA) BERHAD (300-K)
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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 March 2017.

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 March 2017, a total of 30,578,100 shares of GuocoLand (Malaysia) Berhad were held by the ESS Trust.

There were no issues, repurchases and repayments of debt and equity securities during the current financial period ended 31 March 2017.

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8. Dividend paid

During the financial period ended 31 March 2017, 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 March 2017 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	120,729	6,370	37,987	14,121	11,089	-	190,296
Inter-segment sales	-	-	-	-	7,824	(7,824)	-
Total revenue	120,729	6,370	37,987	14,121	18,913	(7,824)	190,296
Results							
Segment results	21,663	457	4,106	8,582	(1,008)	-	33,800
Unallocated corporate expenses							(622)
Profit from operations							33,178
Interest income	707	248	20	260	702	-	1,937
Finance costs							(28,455)
Share of results of associates	-	3,207	-	119,732	-	-	122,939
Share of results of joint ventures	(881)	-	-	-	-	-	(881)
Income tax expense	(972)	(2)	(2)	(2,218)	(2,322)	-	(5,516)
Profit for the period							123,202

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

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, except for the additions of cost during the financial period under review for accounting purposes pursuant to FRS 40 Investment Property to ascertain the current fair value of the investment properties.

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11. Material subsequent events not reflected in the financial statements

There were no material subsequent events not reflected in the financial statements.

12. Capital commitments

As at 31.03.2017

RM'000

Capital expenditure approved and contracted for:

- Property, plant and equipment

37,767

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 RM92.1 million for the current quarter under review as compared to RM143.5 million in the preceding year corresponding quarter. The decrease in revenue was mainly due to the disposal of Changkat Kia Peng land in the preceding year corresponding quarter and lower contribution from residential project in Damansara City. This was partially offset by higher contribution from the residential project in Oval and commercial projects in PJ City during the current quarter.

The Group recorded lower profit before tax of RM14.5 million for the current quarter as compared to a profit before tax of RM20.1 million in the preceding year corresponding quarter due to the higher profits contributed by the disposal of Changkat Kia Peng land in the preceding year corresponding quarter.

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

Comparing against profit before tax of RM112.5 million for the immediate preceding quarter, profit before tax for current quarter is lower by RM98.0 million. The lower profit in the current financial period was mainly due to the higher share of profits contributed in preceding quarter 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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16. Prospects

Barring any unforeseen circumstances, the property market outlook and sentiment are expected to remain subdued. The Board foresees a challenging year ahead. The Group will continue to focus on monetising its inventories, leasing out its vacant spaces and timely completion of its development projects. The Group will be opportunistic in seeking for prime landbank that can offer meaningful and sustainable returns on our investments.

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	1,371	4,341
Mark-to-market loss/(gain) on derivatives	34	(61)

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 March 2017.

19. Taxation

Taxation comprises:

	Current Quarter	Year-to-date
	RM'000	RM'000
Current taxation		
- Malaysian income tax	(2,151)	(4,917)
- Deferred taxation	(780)	776
Prior year		
- Malaysian income tax	(1,299)	(1,375)
	<u>(4,230)</u>	<u>(5,516)</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.

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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 March 2017 are as follows:

	RM'000
Short term borrowings	
Secured	174,973
Unsecured	59,784
	<u>234,757</u>
Long term borrowings	
Secured	1,170,637
Unsecured	-
	<u>1,170,637</u>
Total borrowings	<u>1,405,394</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 31.03.2017 RM'000	As at 30.06.2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	489,267	369,236
- Unrealised	122,208	242,915
	<u>611,475</u>	<u>612,151</u>
Total share of retained profits from associates:		
- Realised	153,999	34,971
- Unrealised	16,468	20,367
	<u>170,467</u>	<u>55,338</u>
Total share of retained profits from joint ventures:		
- Realised	35,628	36,773
- Unrealised	-	-
	<u>35,628</u>	<u>36,773</u>
Add: Consolidation adjustments	173,868	181,157
Total Group retained profits as per consolidated accounts	<u>991,438</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 March 2017 are as follows:

Type of Derivative	Contract/ Notional value	Net fair value gain
	RM'000	RM'000
Interest rate swaps	126,000	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 March 2017, the Group recognised a gain of approximately RM61,000 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 March 2017.

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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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Net profit attributable to ordinary shareholders for the period (RM'000)	<u>8,341</u>	<u>13,353</u>	<u>119,417</u>	<u>27,206</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>1.245</u>	<u>1.993</u>	<u>17.827</u>	<u>4.061</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

CHIN MIN YANN
Secretary

Kuala Lumpur
19 April 2017