

# **Berjaya Corporation Berhad**

Company No: 554790-X

Date: 31 March 2010

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JANUARY 2010**

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**BERJAYA CORPORATION BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010  
CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		Year to date ended	
	31/01/2010	31/01/2009	31/01/2010	31/01/2009
	RM'000	RM'000	RM'000	RM'000
REVENUE	1,660,417	1,730,949	4,889,745	4,828,720
PROFIT FROM OPERATIONS	170,170	197,077	667,676	592,642
Investment related income	6,687	29,880	123,536	85,042
Investment related expenses	(162,048)	(21,023)	(268,034)	(124,511)
Finance costs	(66,574)	(79,261)	(218,299)	(216,603)
Share of results of associates	10,503	(2,859)	30,763	10,978
Share of results of jointly controlled entities	(7,489)	(6,774)	(21,719)	(14,833)
PROFIT/(LOSS) BEFORE TAX	(48,751)	117,040	313,923	332,715
INCOME TAX EXPENSE	(48,290)	(52,607)	(179,051)	(152,851)
PROFIT/(LOSS) FOR THE PERIOD	<u>(97,041)</u>	<u>64,433</u>	<u>134,872</u>	<u>179,864</u>
ATTRIBUTABLE TO:				
- Equity holders of the parent	(155,119)	17,942	(61,435)	61,499
- Minority interests	58,078	46,491	196,307	118,365
	<u>(97,041)</u>	<u>64,433</u>	<u>134,872</u>	<u>179,864</u>
EARNINGS/(LOSS) PER SHARE (SEN)				
-Basic, for the period	<u>(3.72)</u>	<u>0.47</u>	<u>(1.53)</u>	<u>1.61</u>
-Diluted, for the period	<u>+</u>	<u>0.46</u>	<u>+</u>	<u>1.56</u>

Note:

+ No diluted loss per share is presented as the effect on the basic loss per share is anti-dilutive.

The annexed notes form an integral part of this interim financial report.

**BERJAYA CORPORATION BERHAD**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

	Group As at 31/01/2010	Group As at 30/04/2009 (Audited)
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,515,540	2,319,400
Biological assets	11,064	9,797
Other investments	357,900	284,328
Investment properties	603,439	543,799
Prepaid land lease premiums	136,367	127,649
Land held for development	1,880,024	1,643,355
Investment in associated companies	598,533	561,608
Investment in jointly controlled entities	168,749	190,468
Deferred tax assets	44,705	41,419
Intangible assets	<u>6,377,382</u>	<u>6,191,922</u>
	<u>12,693,703</u>	<u>11,913,745</u>
<b>Current Assets</b>		
Development properties	847,039	1,052,605
Inventories	711,486	483,008
Trade and other receivables	2,099,160	1,760,782
Short term investments	14,343	26,802
Tax recoverable	125,510	120,012
Deposits with financial institutions	813,275	797,046
Cash and bank balances	494,266	426,546
Assets classified as held for sale	<u>14,006</u>	<u>24,774</u>
	<u>5,119,085</u>	<u>4,691,575</u>
<b>TOTAL ASSETS</b>	<u>17,812,788</u>	<u>16,605,320</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	3,842,860	3,169,554
Irredeemable Convertible Unsecured Loan Stocks - Equity component	349,562	763,893
Reserves	<u>1,547,794</u>	<u>1,659,229</u>
	5,740,216	5,592,676
Less: Treasury shares	<u>(3,680)</u>	-
	5,736,536	5,592,676
<b>Minority interests</b>	<u>4,948,670</u>	<u>4,395,623</u>
<b>Equity funds</b>	<u>10,685,206</u>	<u>9,988,299</u>
<b>Non-current liabilities</b>		
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	38,743	174,799
8% Secured Exchangeable Bonds	711,000	882,000
Long term borrowings	1,654,845	1,174,507
Other long term liabilities	388,435	288,822
Deferred taxation	371,294	368,045
Provisions	<u>10,301</u>	<u>7,264</u>
	<u>3,174,618</u>	<u>2,895,437</u>
<b>Current Liabilities</b>		
Trade and other payables	1,719,638	1,524,397
Provisions	329,532	313,539
Short term borrowings	1,670,903	1,673,252
Taxation	80,918	67,755
Insurance reserves	<u>151,973</u>	<u>142,641</u>
	<u>3,952,964</u>	<u>3,721,584</u>
<b>Total Liabilities</b>	<u>7,127,582</u>	<u>6,617,021</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>17,812,788</u>	<u>16,605,320</u>
Basic net assets per share (sen)	140.29	152.35
Dilutive net assets per share (sen)	136.93	141.46

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

Basic : Equity funds less minority interests and ICULS - equity component divided by the number of outstanding shares in issue with voting rights.

Dilutive : Equity funds less minority interests divided by the number of outstanding shares in issue with voting rights and the potential conversion of the Company's outstanding ICULS to shares.

The annexed notes form an integral part of this interim financial report.

**BERJAYA CORPORATION BERHAD**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Non-distributable									
	Share capital RM'000	ICULS - equity component RM'000	Fair value reserve RM'000	Capital reserves RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total equity RM'000	Minority interests RM'000	Total equity RM'000
At 1 May 2009	3,169,554	763,893	1,121,505	18,627	(17,181)	536,278	-	5,592,676	4,395,623	9,988,299
Exchange difference on translation of net assets of foreign subsidiary companies and associated companies	-	-	-	-	(22,113)	-	-	(22,113)	638	(21,475)
Buy back of BCorp ICULS	-	(97,382)	-	-	-	(4,488)	-	(101,870)	-	(101,870)
Re-issue of BCorp ICULS pursuant to sale of BCorp ICULS previously held within the Group to third parties	-	87,812	-	-	-	13,520	-	101,332	-	101,332
Net recognised income and expense recognised directly in equity	-	-	-	-	(22,113)	9,032	-	(22,651)	638	(22,013)
Loss for the period	-	-	-	-	-	(61,435)	-	(61,435)	193,470	132,035
Total recognised income and expense for the period	-	-	(114,565)	479	(22,113)	(52,403)	-	(84,086)	194,108	110,022
Transfer of reserves	-	-	-	-	1,732	112,354	-	-	-	-
Arising from conversion of BCorp ICULS	-	-	-	-	-	-	-	-	-	-
- by cash option	400,162	(200,081)	-	-	-	-	-	200,081	-	200,081
- by surrender option	273,144	(273,144)	-	-	-	-	-	-	-	-
Reclassification to BCorp ICULS-equity component from BCorp ICULS-liability component	-	68,464	-	-	-	-	-	68,464	-	68,464
Treasury shares	-	-	-	-	-	-	(3,680)	(3,680)	-	(3,680)
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	137,752	137,752
Adjustment in relation to part disposal/dilution of equity interest in subsidiary companies	-	-	-	-	-	-	-	-	523,857	523,857
Adjustment due to increase in equity in subsidiary companies	-	-	-	-	-	-	-	-	(85,456)	(85,456)
Share of changes in reserves of associates	-	-	-	310	(3,640)	-	-	(3,330)	-	(3,330)
Dividend *	-	-	-	-	-	(33,589)	-	(33,589)	-	(33,589)
Dividend paid to minority interests	-	-	-	-	-	-	-	-	(217,214)	(217,214)
At 31 January 2010	3,842,860	349,562	1,006,940	19,416	(41,202)	562,640	(3,680)	5,736,536	4,948,670	10,685,206

\* Final dividend of 1% single-tier exempt dividend per share in respect of the financial year ended 30 April 2009.

**BERJAYA CORPORATION BERHAD**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Non-distributable						Minority interests RM'000	Total equity RM'000	
	Share capital RM'000	ICULS - equity component RM'000	Fair value reserve RM'000	Capital reserves RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000			
At 1 May 2008	3,003,791	822,826	1,174,962	10,118	(71,314)	705,628	5,646,011	4,592,800	10,238,811
Exchange difference on translation of net assets of foreign subsidiary companies and associated companies	-	-	-	-	17,536	-	17,536	9,143	26,679
Buy back of BCorp ICULS	-	(2,721)	-	-	-	966	(1,755)	-	(1,755)
Re-issue of BCorp ICULS	-	5,800	-	-	-	(2,658)	3,142	-	3,142
Adjustment in relation to part disposal/dilution of equity interest in subsidiary companies	-	-	-	-	-	-	-	10,618	10,618
Adjustment due to increase in equity in subsidiary companies	-	-	(3,650)	-	-	-	-	(76,482)	(76,482)
Transfer from accumulated losses	-	-	-	16,418	492	(13,260)	-	-	-
Net recognised income and expense recognised directly in equity	-	-	(3,650)	16,418	18,028	(14,952)	18,923	(56,721)	(37,798)
Profit for the period	-	-	-	-	-	61,499	61,499	118,365	179,864
Total recognised income and expense for the period	-	3,079	(3,650)	16,418	18,028	46,547	80,422	61,644	142,066
Arising from conversion of irredeemable convertible unsecured loan stocks ("BCorp ICULS")	322	(161)	-	-	-	-	161	-	161
- by cash option	109,260	(109,260)	-	-	-	-	-	-	-
- by surrender option	-	-	-	-	-	-	-	-	-
Reclassification to BCorp ICULS-equity component from BCorp ICULS-liability component	-	1,256	-	(1,083)	(315)	-	1,256	-	1,256
Share of changes in reserves of associates	-	-	-	-	-	(10,999)	(1,398)	-	(1,398)
Dividend paid to minority interests	-	25,008	-	-	-	(60,867)	14,009	(138,860)	(124,851)
Dividend *	-	-	-	-	-	(60,867)	(60,867)	-	(60,867)
MI share of goodwill	-	-	-	-	-	-	-	(35,198)	(35,198)
At 31 January 2009	3,113,373	742,748	1,171,312	25,453	(53,601)	680,309	5,679,594	4,480,386	10,159,980

\* Final dividend of 2% single-tier exempt dividend per share in respect of financial year ended 30 April 2008.

**BERJAYA CORPORATION BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010  
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended	
	31/01/2010	31/01/2009
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	5,181,734	5,198,752
Payments for operating expenses (including taxes)	(4,724,008)	(4,730,335)
Net cash generated from operating activities	<u>457,726</u>	<u>468,417</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Disposal of investment in subsidiary companies	275,880	41,320
Cash effects of disposal of subsidiary company	-	(321)
Acquisition of investments in subsidiary companies	(176,623)	(81,952)
Cash effects of acquisition of subsidiary companies	112	(58,996)
Receipts from investments (include sales of property, plant & equipment)	150,207	85,113
Acquisition of treasury shares by subsidiary companies	(51,086)	(38,145)
Advances to jointly controlled entities	(14,051)	(173,407)
Payment for a foreign property development project	(256,303)	-
Payment for investments (include purchase of property, plant & equipment)	(373,790)	(360,842)
Net cash used in investing activities	<u>(445,654)</u>	<u>(587,230)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Acquisition of treasury shares	(3,680)	-
Issuance of share capital	200,081	161
Issuance of share capital to minority shareholders of subsidiary companies	36,462	518
Proceeds from re-issue of BCorp ICULS	38,522	3,142
Capital distribution by a subsidiary company	-	(255)
Dividend paid to shareholders of the Company	(38,311)	(48,525)
Dividends paid to minority shareholders of subsidiary companies	(240,980)	(126,053)
Repurchase of ICULS	(18,441)	(1,755)
Repurchase of 8% Secured Exchangeable Bonds	(171,000)	(18,000)
Interest paid	(202,452)	(180,263)
Drawdown of bank and other borrowings	1,613,958	754,082
Repayment of bank and other borrowings	(1,168,570)	(554,896)
Net cash generated from/(used in) financing activities	<u>45,589</u>	<u>(171,844)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	57,661	(290,657)
<b>OPENING CASH AND CASH EQUIVALENTS</b>	1,013,040	1,321,765
Effect of exchange rate changes	4,641	7,834
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>1,075,342</u>	<u>1,038,942</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	813,275	791,831
Cash and bank balances	494,266	441,257
Bank overdraft (included under short term borrowings)	(122,725)	(138,370)
	<u>1,184,816</u>	<u>1,094,718</u>
Less :		
Remisiers' deposit held in trust	(16,846)	(15,630)
Clients' money held in trust	(92,151)	(39,680)
Amount held for The Sun Tsunami Fund	(477)	(466)
	<u>1,075,342</u>	<u>1,038,942</u>

**BERJAYA CORPORATION BERHAD**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010

## NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The interim financial report is not audited and has been prepared in compliance with Financial Reporting Standards ("FRS") 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR").

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2009.

The same accounting policies and methods of computation used in the preparation of the financial statements of the Company for the year ended 30 April 2009 have been applied in the preparation of the quarterly financial statements under review except for the adoption of new and revised FRSs, amendments to FRSs and Interpretations, as listed in the audited financial statements for the financial year ended 30 April 2009 which were effective for the financial periods beginning on or after 1 May 2009. These FRSs have no significant impact on the financial statements of the Group upon their initial application.

- A2 The audit report of the Company's most recent annual audited financial statements does not contain any qualification.

- A3 The following business operations of the Group are affected by seasonal or cyclical factors:

- (a) the consumer durables segment is affected by major festive seasons and sales campaign in certain period of the financial year.
- (b) the property development segment is affected by the prevailing cyclical economic conditions.
- (c) the stock and futures broking businesses are influenced by the performance of the stock market.
- (d) the local island beach resorts situated at the East Coast of Peninsular Malaysia are affected by the North-East monsoon season in the third quarter of the financial year.
- (e) the gaming business may be positively impacted by the festive seasons.

- A4 (a) The following are the unusual items that occurred during the current quarter/period under review:

Recognised directly in income statement

	Current Quarter RM'000	Financial Year to date RM'000
Changes in impairment in value of investment in associated companies	(11,016)	46,365
Changes in impairment in value of other investments	(796)	(83)
Negative goodwill	1,113	14,667
Gain on capital distribution by an associated company	-	7,885
Gain on disposal of other investments	591	809
Loss arising on dilution of interest in subsidiary companies	(150,460)	(208,695)
Loss on partial disposal of investment in subsidiary companies	(9,670)	(34,280)
	<u>(170,238)</u>	<u>(173,332)</u>

- (b) There were no material change in estimates during the financial period under review.

**BERJAYA CORPORATION BERHAD**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010

## NOTES TO THE INTERIM FINANCIAL REPORT

A5 There were no issuances and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period ended 31 January 2010 except for the following (rounded to nearest thousand):

- (a) Share capital
- (i) 273,144,000 ordinary shares of RM1.00 each were issued pursuant to conversion of 546,288,000 BCorp ICULS of RM0.50 nominal value each.
- (ii) 400,162,000 ordinary shares of RM1.00 each were issued pursuant to the tendering of 400,162,000 BCorp ICULS of RM0.50 nominal value each and the payment in cash of RM200,081,000.
- (b) 0% 10-year irredeemable convertible unsecured loan stocks of RM0.50 nominal value each ("BCorp ICULS")
- (i) 946,450,000 BCorp ICULS have been tendered for the subscription of 673,306,000 ordinary shares of RM1.00 each.
- (ii) 136,928,000 BCorp ICULS have been reclassified from liability component to equity component as these BCorp ICULS have been released from the put option obligation placed on it.
- (iii) 194,764,000 BCorp ICULS have been bought back from third parties by subsidiaries of the Group.
- (iv) 175,624,000 BCorp ICULS previously held within the Group have been re-issued to third parties.
- (c) Treasury shares  
2,980,000 ordinary shares of RM1.00 each were bought back and held as treasury shares with none of these shares being cancelled or sold.

Subsequent to the quarter ended 31 January 2010 and up to the date of this announcement:-

	RM'000	RM'000
Share capital - Issued and fully paid up as at 31.01.10		3,842,860
Arising from conversion of BCorp ICULS		
- by cash option	63,433	
- by surrender option	138	63,571
Share capital - Issued and fully paid up as at 29.03.10		<u>3,906,431</u>

The Company commenced its share buyback on 30 November 2009 and the details of the share buyback during the financial period ended 31 January 2010 are as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
November 2009	1.16	1.16	1.16	330,000	384
December 2009	1.19	1.27	1.24	2,450,000	3,036
January 2010	1.30	1.30	1.30	200,000	260
				<u>2,980,000</u>	<u>3,680</u>

As at 31 January 2010, the number of outstanding shares in issue and fully paid with voting rights (rounded to nearest thousand) was 3,839,880,000 (31 January 2009 : 3,113,373,000) ordinary shares of RM1.00 each.



**BERJAYA CORPORATION BERHAD**

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010

## NOTES TO THE INTERIM FINANCIAL REPORT

A6 In the current financial period ended 31 January 2010, the Company paid a final dividend of 1% single-tier exempt dividend for the financial year ended 30 April 2009 amounting to RM33.589 million on 30 December 2009 which was approved at the Annual General Meeting held on the 28 October 2009.

A7 Segment information for the financial period ended 31 January 2010:-

REVENUE	External RM'000	Inter- segment RM'000	Total RM'000
Toto betting operations	2,530,235	-	2,530,235
Financial services	379,028	5,899	384,927
Property investment and development	207,134	7,927	215,061
Hotels and resorts	195,643	2,502	198,145
Marketing of consumer products and services	1,340,158	9,454	1,349,612
Others	237,547	16,436	253,983
Elimination: Inter-segment Revenue	-	(42,218)	(42,218)
Total revenue	<u>4,889,745</u>	<u>-</u>	<u>4,889,745</u>

## RESULTS

	Total RM'000
Toto betting operations	457,224
Financial services	53,908
Property investment and development	32,725
Hotels and resorts	6,661
Marketing of consumer products and services	141,047
Others	(17,099)
	<u>674,466</u>
Unallocated corporate items	(6,790)
Profit from operations	<u>667,676</u>
Investment related income	
-Interest income	24,035
-Gain on disposal of investment in other investments	809
-Write-back of impairment in value of investment in associated companies	63,951
-Write-back of impairment in value of investment in other investments	7,350
-Negative goodwill	14,667
-Gain on capital distribution by an associated company	7,885
-Dividend income and others	4,839
	<u>123,536</u>
Investment related expenses	
-Loss on partial disposal of investment in subsidiary companies	(34,280)
-Impairment in value of investment in associated companies	(17,586)
-Impairment in value of investment in other investments	(7,433)
-Dilution of interests in subsidiaries and others	(208,735)
	<u>(268,034)</u>
Finance costs	(218,299)
Share of results of associates	30,763
Share of results of jointly controlled entities	(21,719)
Profit before tax	<u>313,923</u>
Income tax expense	(179,051)
Profit for the period	<u><u>134,872</u></u>

## **BERJAYA CORPORATION BERHAD**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010

### NOTES TO THE INTERIM FINANCIAL REPORT

- A8 The valuation of land and buildings have been brought forward without amendment from the previous annual audited financial statements.
- A9 Save as disclosed, there were no significant events since the end of this current quarter up to the date of this announcement.
- A10 There were no changes in the composition of the Group for the current period ended 31 January 2010, including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operations except for the following:-
- (a) On 29 May 2009, the Company announced that Cosway (M) Sdn Bhd ("Cosway (M)") had on even date completed the acquisition of 900,000 ordinary shares of RM1.00 each representing 90% equity interest in Golden Works (M) Sdn Bhd ("GWSB") for a cash consideration of RM19.53 million. GWSB owns 130 units of shoplots in Wisma Cosway, Kuala Lumpur for rental. On 8 June 2009, Cosway (M) completed the acquisition of the remaining 10% equity interest in GWSB, thus making GWSB a wholly owned subsidiary company of the Group.
  - (b) On 15 July 2009, BLand announced that it has on even date acquired the entire issued and paid up share capital of Berjaya North Asia Holdings Pte Ltd ("BNAH") comprising one ordinary share of SGD1.00 each for a total consideration of SGD1.00 (or about RM2.46).
  - (c) On 2 September 2009, the Company announced that KUB-Berjaya Enviro Sdn Bhd, a 60% owned subsidiary company of the Group, had on even date incorporated a wholly-owned subsidiary company, KUB-Berjaya Energy Sdn Bhd ("KB-Energy"). The principal activity of KB-Energy is to undertake the Bukit Tagar sanitary landfill gas management business under a Small Renewable Energy Power Programmed Licence from Tenaga Nasional Berhad.
  - (d) On 18 September 2009, the Company announced that its subsidiary company, Cosway (M) Sdn Bhd had on even date fully subscribed for 21,000 ordinary shares of eCosway Japan K.K. ("eCosway Japan") of JPY1,000 each amounting to JPY21.0 million (or about RM794,000) representing 100% equity interest in eCosway Japan. The principal activities of eCosway Japan are direct selling of household, personal care, healthcare and other consumer products.
  - (e) On 28 September 2009, Berjaya Land Berhad ("BLand") announced that its wholly owned subsidiary company, Berjaya Leisure (Cayman) Limited had on 25 September 2009 incorporated a new wholly owned subsidiary company under the name of Berjaya Health Investment Pte Ltd ("BHIPL") in Singapore. BHIPL has an issued and fully paid-up share capital of SGD1.00 comprising one ordinary share. The intended principal activity is that of investment holding.
  - (f) On 23 October 2009, BLand announced that Berjaya Leisure (Cayman) Limited, a wholly owned subsidiary company of BLand, had received the relevant approvals in Vietnam for the joint venture to operate and manage a luxury resort in Phu Quoc District, Keng Giang Province, Vietnam. Accordingly, Berjaya Long Beach Limited Liability Company ("BLBLLC") was established with BLCL having a 70% equity interest, while Le Thi Chi Proprietorship holds a 25% equity interest and Long Beach Joint Stock Company holds a 5% equity interest. BLBLLC owns and operates a luxury resort known as "Long Beach's Ancient Village", constructed on Phu Quoc Island, Vietnam.
  - (g) On 3 December 2009, the Company announced that Cosway De Venezuela C.A., a dormant subsidiary company of Cosway (M) Sdn Bhd, which was incorporated in Venezuela, has been liquidated.

## BERJAYA CORPORATION BERHAD

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### NOTES TO THE INTERIM FINANCIAL REPORT

- A10 (h) On 8 December 2009, the Company announced the completion of the following proposals:
- i) the disposal by CCB and Biofield, both subsidiary companies of the Group, of 139.5 million ordinary shares of Cosway (M) Sdn Bhd, representing 90% equity interest, for a consideration of RM900.0 million to Cosway Corporation Limited ("CHK") (formerly known as Berjaya Holdings (HK) Limited), another subsidiary company of the Group, satisfied by the issuance of about 741.2 million new ordinary shares of HKD0.20 each in CHK ("CHK Shares") at par, CHK irredeemable convertible unsecured loan stocks of HKD0.20 each ("CHK ICULS") in a principal amount of HKD1,757.4 million and a cash payment of RM44.7 million;
  - ii) the capitalisation by CHK of a debt of HKD36.0 million (or about RM16.2 million) owing to Berjaya Group (Cayman) Limited, a subsidiary company of the Group, via the issuance of 180.0 million new CHK Shares at par; and
  - iii) the disposal by Berjaya Hills Berhad, Prime Credit Leasing Sdn Bhd, Inter-Pacific Securities Sdn Bhd and Berjaya Sampo Insurance Berhad, all subsidiary companies of the Group, of an aggregate of 369,148 ordinary shares of RM1.00 each, representing 7.38% equity interest in eCosway.com Sdn Bhd for a total consideration of about RM19.9 million, satisfied via the issuance of about 6.0 million new CHK Shares at par and CHK ICULS in a principal amount of HKD43.0 million.

With the completion of the above proposals, CHK became a 73.39% subsidiary company of the Group.

- (i) On 17 December 2009, BToto announced that it had on even date acquired 2,000 ordinary shares, representing 20% equity interest, in Berjaya Lottery Vietnam Limited, from the Company for a cash consideration of USD2,000 or approximately RM6,900.
  - (j) On 28 December 2009, BToto announced that its indirect subsidiary company, Prime Gaming Philippines, Inc had incorporated a wholly owned subsidiary company, Perdana Hotel Philippines, Inc in the Philippines to acquire an interest in the operation of a hotel in Makati, Philippines for a total consideration of PHP785.0 million (equivalent to RM57.57 million). As at 31 January 2010, a sum of PHP524.9 million (equivalent to RM38.50 million) was paid to the vendor.
  - (k) During the quarter ended 31 January 2010, the Group's equity interest in BLand was diluted to 53.25% from 56.44% (as at 31 October 2009). This was due to the enlarged share capital of BLand following the conversion of all the BLand ICULS that expired on 30 December 2009.
- A11 There were no material changes in contingent liabilities or contingent asset since the last annual balance sheet date other than the following:
- (a) The dismissal of a legal suit between Sun Media Corporation Sdn Bhd ("SunMedia"), a subsidiary company of Berjaya Media Berhad, and the other vendors of Sun Media, which resulted in a reduction of Sun Media's contingent liabilities by RM10.0 million from RM111.75 million to RM101.75 million.
  - (b) With respect to the case brought by Innovation Scientifique Dermatologique ("ISD") for alleged loss of licence fee, against Cosway (M) Sdn Bhd ("CoswayM"), which strongly disputed the claim, CoswayM filed a submission ordering ISD to pay CoswayM EUR60,000 (or about RM0.276 million) for unfair business practice on 8 September 2009.

On 10 March 2010, CoswayM and ISD filed their briefs to withdraw the case from the Commercial Court docket.

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NOTES TO THE INTERIM FINANCIAL REPORT

A12 There were no material changes in capital commitment since the last audited annual balance sheet date as at 30 April 2009 except for:

- (a) the completion of acquisition of an aircraft for a total cash consideration of approximately RM158.1 million; and
- (b) the remaining balance sum payable for the acquisition of an interest in the operation of a hotel in Makati, Philippines amounting to PHP260.1 million (equivalent to RM19.08 million).

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### **B1 For the quarter**

The Group registered a revenue of RM1.66 billion and pre-tax loss of RM48.75 million in the current quarter ended 31 January 2010 as compared to a revenue of RM1.73 billion and pre-tax profit of RM117.04 million reported in the previous year corresponding quarter. The Group recorded a decrease in revenue of 4%. The previous year corresponding quarter enjoyed higher sales due to the Chinese Lunar New Year festivity that fell in the month of January 2009, which resulted in high festive sales for the gaming business operated by Sports Toto (Malaysia) Sdn Bhd ("Sports Toto") and the strong sales registered from the Mega 6/52 game. In the current financial year, the Chinese Lunar New Year festivity fell in the month of February 2010. Apart from this, the hotels and resorts business was adversely affected by cutbacks in business travels due to the global economic downturn.

With respect to the current quarter, the Group made a pre-tax profit of RM101.71 million, which is 13% lower when compared to the pre-tax profit of RM117.04 million of the previous year corresponding quarter, before accounting for the non-cash dilution effects of RM150.46 million as disclosed in Note A4(a). The dilution effect mainly arose from the non-cash transfer of reserves, which the Group had recognised over the years, to the newly added minority shareholders of Berjaya Land Berhad ("BLand") arising from the conversion of BLand ICULS in the current quarter (as the BLand ICULS expired on 30 December 2009). As highlighted in the interim financial report for the second quarter ended 31 October 2009 (under Note B3) which was announced on 23 December 2009 as well as disclosed in Note A10(k) of this interim financial report, the Group's equity interest in BLand was diluted to 53.25% from 56.44% (as at 31 October 2009). This approximately 3% decrease in equity interest in BLand meant that the Group had to forego approximately 3% of BLand's reserves to the newly added minority shareholders of BLand. The BLand ICULS were converted into new BLand shares at RM1.00 par when the BLand net assets per share stood at more than RM4.00. Thus, the Group and the existing minority interests lost in value of about RM0.23 per BLand share or equivalent to RM150.46 million to the newly added minority shareholders of BLand. The lower profit (excluding the non-cash dilution effect of RM150.46 million) was mainly due to the additional impairment in value of investment in associated companies, loss on partial disposal of investment in subsidiary companies and as well as the foreign exchange losses suffered by the Group. With respect to the Group's operations, the consumer marketing business such as those operated by Cosway (M) Sdn Bhd ("CoswayM") (direct selling) and the motor distribution division continued to show strong growth in their operating results.

### **For the 9-month period**

As for the 9-month period ended 31 January 2010, the Group's revenue and pre-tax profit were RM4.89 billion and RM313.92 million respectively as compared to a revenue and pre-tax profit of RM4.83 billion and RM332.71 million respectively reported in the previous year corresponding period. The increase in the current period's revenue mainly resulted from the higher contributions from the consumer marketing business and higher brokerage income (from stockbroking business), due to the more active stock market. The performance is all the more commendable as the current period did not have the benefit of the traditional Chinese Lunar New Year festivity which was in February 2010.

Excluding the non-cash equity dilution effect of RM208.69 million, the Group's pre-tax profit would have been RM522.62 million, showing a 57.1% increase over the preceding year corresponding period. This increase was mainly contributed by CoswayM, (benefiting from its revamped business model from retail to free franchise hybrid outlets in Thailand, Korea and Australia, coupled with the introduction of new products and attractive monthly promotions) and the recognition of negative goodwill as well as write-back of impairment in value of investment in associated companies and other investments.

**BERJAYA CORPORATION BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2010  
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For the quarter under review, the Group reported a 3% increase in revenue to RM1.66 billion as compared to the preceding quarter of RM1.62 billion. The higher revenue in this current quarter under review was mainly due to higher property sales recorded by the property development business, higher general insurance premium income recorded from Japanese related and agency businesses and coupled with higher sales from consumer marketing business (mainly from CoswayM - direct selling and the motor distribution division) in the current quarter as compared to the preceding quarter.

The pre-tax loss in this current quarter under review was mainly due to the loss on dilution of interest in subsidiary companies of RM150.46 million as disclosed in Note A4(a) and mentioned in Note B1 above.

**B3 Future prospects**

Given the prevailing economic conditions, the property market and the hotels and resorts businesses are expected to rebound. Sports Toto had on 18 March 2010 launched the Supreme Toto 6/58 as a replacement of its Super Toto 6/49 lotto game. Supreme Toto 6/58 offers a guaranteed minimum upfront jackpot of RM8,888,888 which is the highest in town. With the launch of this new lotto game as well as the rapid expansion of the direct selling business under CoswayM and barring unforeseen circumstances, the Directors are of the view that the Group's operating performance for the remaining quarter of the financial year ending 30 April 2010 will be good.

B4 There is no profit forecast or profit guarantee for the financial period ended 31 January 2010.

B5 The taxation charge for the current quarter ended 31 January 2010 are detailed as follows:

	Current Quarter RM'000	Financial Year to date RM'000
Based on the results for the period:-		
Current period provision		
- In Malaysia	56,358	167,078
- Outside Malaysia	6,340	26,950
Deferred tax	(2,889)	(3,363)
Over provision in prior years	<u>(11,519)</u>	<u>(11,614)</u>
	<u>48,290</u>	<u>179,051</u>

The disproportionate tax charge of the Group for the current quarter ended 31 January 2010 was mainly due to certain expenses being disallowed for tax purposes and non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B6 There were no profits/(losses) on sales of unquoted investment and properties, other than from those subsidiary companies with principal activities of property development, for the current quarter ended 31 January 2010.

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B7 The particulars of the purchase and disposal of quoted securities by all companies other than insurance company, stockbroking company and such other companies exempted by Bursa Malaysia Securities Berhad ("Bursa Securities") were as follows :

(a) (i) The total purchase consideration of quoted securities are as follows:

	Current Quarter RM'000	Financial Year to date RM'000
Cost of purchase	<u>-</u>	<u>-</u>

(ii) The disposals of quoted securities are as follows:

Proceeds of quoted securities disposed	<u>3,130</u>	<u>4,006</u>
Gain on disposal of quoted securities	<u>591</u>	<u>808</u>

(b) Investments in quoted securities : -

	At end of current quarter RM'000
(i) at cost;	<u>107,682</u>
(ii) at carrying value/book value;	<u>76,507</u>
(iii) at market value.	<u>214,243</u>

B8 There has been no further developments for those corporate proposals disclosed in Notes 43 and 44 to the audited financial statements of the Company for the financial year ended 30 April 2009.

Events announced subsequent to the date of the audited accounts:

(i) On 7 September 2009, the Company announced that Berjaya Group Capital (Cayman) Limited ("BGCCL") has entered into a joint venture agreement with Mr Ha Kim Vong and Madam Nguyen Thi Thu Huong ("Founders") relating to an arrangement to invest in the business activities of Khoi Viet Tourism and Language School and Khoi Viet Overseas Study Consulting Co Ltd as well as to venture into new education related activities in Vietnam.

The proposed charter capital of the joint stock company, to be named 'Berjaya-Khoi Viet Joint Stock Company' ("BKVJSC"), will be VND12.5 billion or about RM2.55 million comprising 1,275,000 ordinary shares with a par value of VND10,000 each.

BGCCL, Mr Ha Kim Vong and Madam Nguyen Thi Thu Huong will each subscribe for an equity interest of 33.33% in BKVJSC. It is proposed that after the initial subscription, BGCCL will acquire 595,000 BKVJSC shares, representing 46.67% equity interest in BKVJSC, from the Founders for a cash consideration of USD350,000. Upon completion of the proposed purchase, BGCCL will own 80% of BKVJSC.

(ii) On 23 September 2009, the Company announced that it has on 18 September 2009 entered into a memorandum of understanding with Ribhan Nurhidayah Contractor ("Ribhan"), a sole proprietor in Brunei, to jointly submit a tender to the Brunei Economic Development Board to undertake the Energy Efficient Waste Management System for Brunei Darussalam. If the parties are successful in the tender, a company will be formed whereby the Company or its related companies will hold an equity interest of 60% while Ribhan will hold an equity interest of 40%. On 22 January 2010, the Company announced that the RibhanMOU has been extended till 15 May 2010.

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- B8 (iii) On 29 September 2009, the Company announced the proposed listing of Berjaya Retail Berhad ("BRetail") on the Main Market of Bursa Malaysia Securities Berhad. The proposed listing of BRetail would involve several transactions.

Firstly, BRetail would acquire 100% equity interest in Singer (Malaysia) Sdn Bhd ("Singer") for a consideration of RM360.0 million from Cosway Corporation Berhad ("CCB"), a subsidiary company of the Group, and 7-Eleven Malaysia Sdn Bhd ("7-Eleven") for a consideration of RM600.0 million from Premier Merchandise Sdn Bhd ("PMSB"). BRetail proposed to settle the RM360.0 million consideration by the assumption of a debt due by the BCorp group to the Singer group amounting to RM45.9 million and the issuance of 475.0 million new BRetail ordinary shares ("BRetail Shares") at an issue price of RM0.50 per share and 153.2 million new BRetail irredeemable convertible preference shares ("BRetail ICPS"). As for the RM600.0 million consideration, BRetail proposed to settle it by the assumption of a debt due by PMSB to the 7-Eleven amounting to RM165.4 million and the issuance of 60.0 million new BRetail shares at an issue price of RM0.50 per share and 809.2 million new BRetail ICPS.

Secondly, the Company proposed to distribute a dividend-in-specie of BRetail Shares, received from the above transaction, on the basis of one BRetail share for every ten ordinary shares of the Company.

Thirdly, CCB would propose to offer for sale at least about 71.9 million BRetail Shares to Bumiputra investors, Bumiputra public, the Company's shareholders and the Malaysian public, and 5.0 million BRetail ICPS to the directors of the Company (except Tan Sri Vincent Tan) and BRetail and eligible employees of the Group and the BRetail group.

On 28 October 2009, the Company announced that shareholders' approval was obtained and the proposal is now pending approvals from other relevant authorities.

- (iv) On 4 November 2009, BLand announced that BLCL, a wholly owned subsidiary company of BLand, had received the investment certificate from the licensing authority in Vietnam for the Nhon Trach New City Township Project ("NTNC Project") at Dong Nai Province, Vietnam. The NTNC Project will be developed and managed by Berjaya NTNC Ltd, a newly incorporated wholly owned subsidiary of BLCL in Vietnam. The NTNC Project is located at Nhon Trach District, Dong Nai Province, Vietnam about 30km from Ho Chi Minh City.
- (v) On 8 January 2010, the Company announced that Berjaya Group Berhad ("BGB"), its wholly owned subsidiary company, had on even date entered into a share sale agreement with Far East Digital Prints Sdn Bhd and HSPL Pte Ltd for the acquisition of 15,634,782 ordinary shares, representing 46.70% equity interest, and 3,052,174 ordinary shares, representing 9.00% equity interest, in Graphic Press Group Sdn Bhd ("GPG") for a cash consideration of RM4.69 million and RM0.92 million respectively or approximately RM0.30 per share ("Proposed GPG Acq"). The Proposed GPG Acq will result in GPG, currently a 14.06% investment of BGB, becoming a 69.76% subsidiary company of BGB. The principal activities of GPG are printing and related businesses.
- (vi) On 29 January 2010, BLand announced that Selat Makmur Sdn Bhd, a wholly owned subsidiary company of BLand, and Selangor Turf Club have mutually agreed to an extension of time to 18 January 2011 to fulfill the conditions precedent to the conditional sale and purchase agreement on the acquisition of 3 parcels of leasehold land measuring a total area of approximately 244.7926 acres located in Sungai Besi.



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- B8 (vii) On 5 February 2010, the Company announced that it had on 4 February 2010, entered into a memorandum of understanding with BYD Auto Company Limited ("BYD") to develop BYD's Right-Hand Drive F0 1.0 Litre automobile for the Malaysian and ASEAN markets. Both parties will cooperate to set up a manufacturing plant in Malaysia.
- (viii) On 12 March 2010, the Company announced that, due to the non-fulfilment of certain conditions precedent, the Company has agreed not to pursue the venture and will not extend the memorandum of understanding ("MochiMOU") with Mochicream Japan Co, Ltd ("Mochicream") for the proposed establishment and undertaking of the manufacturing, distribution and sale of Mochicream pastry and related products in Malaysia and other Asian countries. Mochicream is a popular Japanese confection, made from pounded-rice with a creamy centre. The MochiMOU expired on 11 March 2010.

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B9 Group borrowings and debt securities as at 31 January 2010 were as follows:

		At end of current quarter RM'000
Short term borrowings		
Secured		
	Foreign currency amount	
	'000	
Denominated in Ringgit Malaysia		1,311,259
USD	51,121 *	174,965
GBP	502 *	2,771
HKD	179 *	79
SGD	10,293 *	25,067
		<u>1,514,141</u>
Unsecured		
Denominated in Ringgit Malaysia		<u>156,762</u>
		1,670,903
Long term borrowings		
Secured		
	Foreign currency amount	
	'000	
Denominated in Ringgit Malaysia		1,271,993
USD	87,153 *	298,284
GBP	1,600 *	8,832
HKD	6,209 *	2,735
		<u>1,581,844</u>
Unsecured		
Denominated in Ringgit Malaysia		<u>73,001</u>
		1,654,845
Total bank borrowings		
		<u><u>3,325,748</u></u>
8% Exchangeable bonds (secured)		
		<u><u>711,000</u></u>

\* Converted at the respective exchange rate prevailing as at 31 January 2010

B10 There is no off balance sheet financial instruments as at the date of this announcement.

B11 There is no change in material litigation since the last annual balance sheet date up to the date of this announcement other than as disclosed on Note A11.

B12 The Board does not recommend any dividend for the current quarter under review (previous year corresponding quarter ended 31 January 2009: Nil. 9 months ended 31 January 2009: An interim dividend-in-specie of 25 Berjaya Media Berhad shares for every 1,000 Berjaya Corporation Berhad held, or equivalent to a dividend rate of 2.35% single-tier exempt dividend per share was proposed).

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B13 The basic and diluted (loss)/earnings per share are calculated as follows:

	Group (3-months period)			
	31/01/2010	31/01/2009	31/01/2010	31/01/2009
	RM'000		sen	
Net (loss)/profit for the quarter	(155,119)	17,942		
Impact on income statement upon conversion of ICULS (there is no impact as the Company's ICULS have a zero coupon rate)	-	-		
Adjusted net (loss)/earnings for the period	<u>(155,119)</u>	<u>17,942</u>		
Weighted average number of ordinary shares in issue with voting rights('000)	3,790,603	3,084,863		
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	<u>377,565</u>	<u>749,943</u>		
Number of shares used in the calculation of basic (loss)/earnings per share ('000)	<u>4,168,168</u>	<u>3,834,806</u>		
Basic (loss)/earnings per share			<u>(3.72)</u>	<u>0.47</u>
Adjusted net (loss)/earnings for the period	(155,119)	17,942		
Dilution effect on conversion of Berjaya Media Berhad warrants	<u>(64)</u>	<u>(50)</u>		
	<u>(155,183)</u>	<u>17,892</u>		
Number of shares used in the calculation of basic (loss)/earnings per share ('000)	4,168,168	3,834,806		
Number of shares assuming conversion of BCorp ICULS - liability component ('000)	<u>65,366</u>	<u>68,464</u>		
Adjusted number of shares used in the calculation of diluted (loss)/earnings per share ('000)	<u>4,233,534</u>	<u>3,903,270</u>		
Diluted (loss)/earnings per share			<u>+</u>	<u>0.46</u>

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B13

	Group (9-months period)			
	31/01/2010	31/01/2009	31/01/2010	31/01/2009
	RM'000		sen	
Net (loss)/profit for the period	(61,435)	61,499		
Impact on income statement upon conversion of ICULS (there is no impact as the Company's ICULS have a zero coupon rate)	-	-		
Adjusted net (loss)/earnings for the period	<u>(61,435)</u>	<u>61,499</u>		
Weighted average number of ordinary shares in issue with voting rights('000)	3,495,193	3,050,253		
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	<u>524,145</u>	<u>779,237</u>		
Number of shares used in the calculation of basic (loss)/earnings per share ('000)	<u>4,019,338</u>	<u>3,829,490</u>		
Basic (loss)/earnings per share			<u>(1.53)</u>	<u>1.61</u>
Adjusted net (loss)/earnings for the period	(61,435)	61,499		
Dilution effect on conversion of Silver Bird Group Berhad warrants	-	(608)		
Dilution effect on conversion of Berjaya Media Berhad warrants	<u>(22)</u>	<u>-</u>		
	<u>(61,457)</u>	<u>60,891</u>		
Number of shares used in the calculation of basic (loss)/earnings per share ('000)	4,019,338	3,829,490		
Number of shares assuming conversion of BCorp ICULS - liability component ('000)	<u>65,366</u>	<u>68,464</u>		
Adjusted number of shares used in the calculation of diluted (loss)/earnings per share ('000)	<u>4,084,704</u>	<u>3,897,954</u>		
Diluted (loss)/earnings per share			<u>+</u>	<u>1.56</u>

+ No diluted loss per share is presented as the effect on the basic loss per share is anti-dilutive.

c.c. Securities Commission