

BERJAYA LAND BERHAD

Registration Number: 199001010193 (201765-A)

20 February 2020

**UNAUDITED (Q2) INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2019**

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BERJAYA LAND BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group	
	Note	As at 31/12/2019 RM'000	As at 30/06/2019 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,953,678	1,571,650
Investment properties		728,876	728,766
Inventories - land held for property development		923,812	861,321
Associated companies		535,015	522,351
Joint ventures		56,939	56,177
Investments		162,686	174,155
Intangible assets		3,607,317	3,592,282
Receivables		1,311,804	1,358,185
Deferred tax assets		62,364	70,963
		<u>9,342,491</u>	<u>8,935,850</u>
Current assets			
Inventories - property development costs		224,549	202,270
Inventories - others		659,208	618,021
Contract cost assets		83,987	97,951
Receivables		1,230,377	1,138,375
Contract assets		52,045	58,398
Short term investments		9,595	9,691
Tax recoverable		11,177	13,734
Deposits, cash and bank balances		662,045	760,778
Assets of disposal group/non-current assets classified as assets held for sale		180,828	230,084
		<u>3,113,811</u>	<u>3,129,302</u>
TOTAL ASSETS		<u>12,456,302</u>	<u>12,065,152</u>
EQUITY AND LIABILITIES			
Share capital	A4	2,500,168	2,500,168
Reserves:			
Exchange reserves		163,597	181,101
Capital reserve		116,528	116,528
Fair value reserve		1,054,940	1,054,940
Fair value reserve of disposal group classified as held for sale		-	877
Fair value through other comprehensive income ("FVTOCI") reserve		(45,296)	(44,994)
Consolidation reserve		87,407	80,064
Retained earnings		239,344	309,429
		<u>1,616,520</u>	<u>1,697,945</u>
Equity funds		4,116,688	4,198,113
Less: Treasury shares	A4	(20,699)	(20,699)
Net equity funds		<u>4,095,989</u>	<u>4,177,414</u>
Non-controlling interests		2,140,769	2,080,907
Total equity		<u>6,236,758</u>	<u>6,258,321</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group	
	Note	As at 31/12/2019 RM'000	As at 30/06/2019 RM'000 (Audited)
Non-current liabilities			
Retirement benefit obligations and provisions		5,497	5,124
Long term borrowings	B8	1,867,962	1,742,770
Other long term liabilities		34,691	29,799
Lease liabilities		310,946	-
Deferred taxation		958,204	959,611
Contract liabilities		238,447	239,895
		<u>3,415,747</u>	<u>2,977,199</u>
Current liabilities			
Payables		1,181,836	1,248,257
Short term borrowings	B8	1,262,601	1,238,626
Retirement benefit obligations and provisions		7,629	2,022
Tax payable		16,140	18,929
Contract liabilities		291,115	309,705
Lease liabilities		44,476	-
Liabilities directly associated to disposal group		-	12,093
		<u>2,803,797</u>	<u>2,829,632</u>
Total Liabilities		<u>6,219,544</u>	<u>5,806,831</u>
TOTAL EQUITY AND LIABILITIES		<u>12,456,302</u>	<u>12,065,152</u>
<i>Net assets per share attributable to ordinary equity holders (with voting rights) of the parent (RM)</i>		<u>0.82</u>	<u>0.84</u>

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

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

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	CURRENT QUARTER ENDED		FINANCIAL PERIOD ENDED	
		31/12/2019 RM'000	31/12/2018 RM'000	31/12/2019 RM'000	31/12/2018 RM'000
REVENUE		1,534,169	N/A	3,110,094	N/A
OPERATING EXPENSES, NET		(1,484,828)	N/A	(2,956,410)	N/A
PROFIT FROM OPERATIONS		49,341	N/A	153,684	N/A
Investment related income, net	A3	7,838	N/A	42,437	N/A
Share of results from associated companies		(4,029)	N/A	(14,625)	N/A
Share of results from joint ventures		338	N/A	503	N/A
Finance costs		(42,295)	N/A	(89,288)	N/A
PROFIT BEFORE TAX	B5	11,193	N/A	92,711	N/A
TAXATION	B6	(42,720)	N/A	(86,484)	N/A
(LOSS)/PROFIT NET OF TAX		(31,527)	N/A	6,227	N/A
ATTRIBUTABLE TO:					
- Owners of the parent		(63,730)	N/A	(69,717)	N/A
- Non-controlling interests		32,203	N/A	75,944	N/A
		(31,527)	N/A	6,227	N/A
LOSS PER SHARE (SEN)	B11				
- Basic		(1.28)	N/A	(1.40)	N/A
- Fully diluted		(1.28)	N/A	(1.40)	N/A

N/A denotes Not Applicable

There are no comparative figures disclosed following the change of the financial year end from 30 April to 30 June.

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT NET OF TAX	(31,527)	N/A	6,227	N/A
OTHER COMPREHENSIVE INCOME				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Currency translation differences:				
- Movement during the financial quarter/period	5,311	N/A	(17,768)	N/A
- Share of associated companies' translation differences	9,510	N/A	(8,996)	N/A
<u>Items that will not be subsequently reclassified to profit or loss</u>				
Change in fair value reserve :				
- Impairment on gaming rights	127	N/A	127	N/A
Net changes in fair value of investments at fair value through other comprehensive income ("FVTOCI")	2,087	N/A	2,688	N/A
Share of an associated company's changes in fair values of investments at FVTOCI	(175)	N/A	(1,130)	N/A
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/PERIOD	(14,667)	N/A	(18,852)	N/A
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the parent	(51,269)	N/A	(88,768)	N/A
- Non-controlling interests	36,602	N/A	69,916	N/A
	(14,667)	N/A	(18,852)	N/A

N/A denotes Not Applicable

There are no comparative figures disclosed following the change of the financial year end from 30 April to 30 June.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Attributable to the owners of the Parent

	Non Distributable											Total equity RM'000
	Share capital RM'000	Exchange reserves RM'000	Capital reserve RM'000	Fair value reserve RM'000	Fair value reserve of disposal group classified as held for sale RM'000	FVTOCI reserve RM'000	Consolidation reserve RM'000	Retained earnings RM'000	Treasury shares RM'000	Total net equity funds RM'000	Non-controlling interests RM'000	
At 1 July 2019	2,500,168	181,101	116,528	1,054,940	877	(44,994)	80,064	309,429	(20,699)	4,177,414	2,080,907	6,258,321
Profit for the financial period	-	-	-	-	-	-	-	(69,717)	-	(69,717)	75,944	6,227
Other comprehensive income	-	(17,504)	-	-	-	(1,547)	-	-	-	(19,051)	(6,028)	(25,079)
Total comprehensive income	-	(17,504)	-	-	-	(1,547)	-	(69,717)	-	(88,768)	69,916	(18,852)
Effects arising from the disposals of:												
- investments at FVTOCI	-	-	-	-	-	1,245	-	(1,245)	-	-	-	-
- disposal group held for sale	-	-	-	-	(877)	-	-	877	-	-	-	-
Transactions with owners:												
Non-controlling interests arising from												
- acquisition of a new subsidiary company	-	-	-	-	-	-	-	-	-	-	1,844	1,844
- decrease of equity interest in a subsidiary company	-	-	-	-	-	-	7,343	-	-	7,343	20,405	27,748
- disposal of a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	(32,303)	(32,303)
	-	-	-	-	-	-	7,343	-	-	7,343	(10,054)	(2,711)
At 31 December 2019	2,500,168	163,597	116,528	1,054,940	-	(45,296)	87,407	239,344	(20,699)	4,095,989	2,140,769	6,236,758

There are no comparative figures disclosed following the change of the financial year end from 30 April to 30 June.

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	31/12/2019 RM'000	31/12/2018 RM'000
OPERATING ACTIVITIES		
Receipts from customers/operating revenue	3,401,609	N/A
Payment to prize winners, suppliers, duties, taxes and other operating expenses	(3,335,423)	N/A
Tax paid	(81,785)	N/A
Other receipts (inclusive of tax refunds)	4,562	N/A
Net cash used in operating activities	<u>(11,037)</u>	<u>N/A</u>
INVESTING ACTIVITIES		
Sale of property, plant and equipment and non-current assets	30,443	N/A
Sale of other investments and short term investments	24,017	N/A
Partial disposal of investment in a subsidiary company	27,746	N/A
Acquisition of property, plant and equipment, non-current assets and properties	(100,948)	N/A
Acquisition of equity interest in subsidiary companies	(219)	N/A
Acquisition of other investments and short term investments	(10,895)	N/A
Acquisition of investments in associated companies and joint ventures	(1,855)	N/A
Interest received	14,865	N/A
Dividend received	2,031	N/A
Repayment to related companies	(9,587)	N/A
Net repayment from joint ventures and associated companies	66,808	N/A
Part payments for investments in foreign investees	(86,131)	N/A
Other payments	(55,026)	N/A
Net cash used in investing activities	<u>(98,751)</u>	<u>N/A</u>
FINANCING ACTIVITIES		
Drawdown of bank and other borrowings	1,093,330	N/A
Repayment of bank and other borrowings	(1,025,381)	N/A
Movements of vehicle stocking loans	75,589	N/A
Dividends paid to non-controlling interests of a subsidiary company	(35,857)	N/A
Interest paid	(84,548)	N/A
Withdrawal of securities pledged for borrowings with banks	21,435	N/A
Other payments	(24,069)	N/A
Net cash generated from financing activities	<u>20,499</u>	<u>N/A</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(89,289)	N/A
EFFECTS OF EXCHANGE RATE CHANGES	(2,833)	N/A
OPENING CASH AND CASH EQUIVALENTS	<u>680,734</u>	<u>N/A</u>
CLOSING CASH AND CASH EQUIVALENTS	<u><u>588,612</u></u>	<u><u>N/A</u></u>
The closing cash and cash equivalents comprise the following:		
Deposits, cash and bank balances	662,045	N/A
Bank overdraft (included under short term borrowings)	(14,202)	N/A
Less: cash and cash equivalents restricted in use	(59,231)	N/A
	<u><u>588,612</u></u>	<u><u>N/A</u></u>

N/A denotes Not Applicable

There are no comparative figures disclosed following the change of the financial year end from 30 April to 30 June.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019
NOTES TO THE INTERIM FINANCIAL REPORT

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

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Company for the period ended 30 June 2019. The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 July 2019.

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

(a) MFRS 16: Leases

MFRS 16 has replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single, on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application as at 1 July 2019. Under this standard, the Group initially measured its right-of-use assets to be equal to the lease liability, which is the present value of the remaining total lease payments (adjusted for any prepaid or accrued lease payments) discounted at the date of initial application (i.e. 1 July 2019). The Group does not restate the comparative information, which continues to be reported under MFRS 117.

The effect of adoption of MFRS 16 to the Group as at 1 July 2019 is as follows:

<u>Statement of Financial Position</u>	Increase RM'000
<u>Assets</u>	
Property, plant and equipment - Right-of-use assets	<u>325,001</u>
<u>Liabilities</u>	
Lease liabilities	<u>325,001</u>
<u>Significant accounting policies</u>	

The standard requires the Group to recognise an asset representing the right to use the underlying asset and a liability to make lease payments during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost, less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at

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NOTES TO THE INTERIM FINANCIAL REPORT****A1 (a) MFRS 16: Leases (Cont'd)**

present value of the total lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Subsequently, the lease liability is increased by the interest cost and reduced by the lease payments made accordingly. In addition, the carrying amount of lease liability is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

A2 Our principal business operations are not significantly affected by any seasonal or cyclical factors except for:

- (i) the property development division which is affected by the prevailing cyclical economic conditions;
- (ii) the local island beach resorts situated at the East Coast of Peninsular Malaysia which are affected by the North-East monsoon season during the second and third quarters of the financial period; and
- (iii) the toto betting operations may be positively impacted by the festive seasons.

A3 (a) There were no unusual or material items affecting the Group in the current quarter and financial period ended 31 December 2019 other than as disclosed below:

Statement of Profit or Loss

Included under investment related income, net:

	3-month ended 31/12/2019 RM'000	6-month ended 31/12/2019 RM'000
Fair value changes of investments		
at fair value through profit or loss ("FVTPL")	(655)	(1,209)
Gain on disposal of subsidiary company and remeasurement		
loss on retained interest of former subsidiary company (net)	-	2,000
Remeasurement gain of a former associated company		
prior to its reclassification to investment in a subsidiary company	127	1,144
Impairment of property, plant and equipment	(3,163)	(3,163)
Additional provision for impairment on the balance of		
GMOC Project sales proceeds *	(12,041)	(12,041)
Gain on disposal of an investment property	-	8,578
	<u>(15,732)</u>	<u>(4,691)</u>

* *GMOC made a further provision for impairment to account for the time value of money for a further 3-month delay in GMOC Arbitration Proceedings. The provision for impairment that was attributable to the Group, which holds 51% equity interest in GMOC, amounted to RM6.63 million.*

(b) There were no major changes in estimates reported in the prior financial quarter that had a material effect in the current financial period ended 31 December 2019.

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NOTES TO THE INTERIM FINANCIAL REPORT

A4 There were no issuances and repayment of debts and equity securities, share cancellation for the financial period ended 31 December 2019.

The number of treasury shares held in hand as at 31 December 2019 were as follows :

	Average price per share RM	Number of shares	Amount RM'000
Total treasury shares at 1 July 2019 and at 31 December 2019	1.89	10,943,104	20,699

A4 As at 31 December 2019, the number of ordinary shares in issue with voting rights was 4,989,394,000 ordinary shares (31 December 2018 : N/A).

A5 The Company did not pay any dividend during the current financial period ended 31 December 2019.

A6 Segmental information for the financial period ended 31 December 2019:

REVENUE

	External RM'000	Inter-segment RM'000	Total RM'000
Toto betting operations and leasing of lottery equipment	1,695,067	-	1,695,067
Motor retailer	1,139,180	-	1,139,180
Property development and investment	67,957	4,357	72,314
Hotels and resorts	162,932	166	163,098
Clubs and others	44,958	5,552	50,510
Sub-total	3,110,094	10,075	3,120,169
Less: Inter-segment revenue	-	(10,075)	(10,075)
Total revenue	<u>3,110,094</u>	<u>-</u>	<u>3,110,094</u>

RESULTS

	RM'000
Toto betting operations and leasing of lottery equipment	221,352
Motor retailer	14,953
Property development and investment	(49,485)
Hotels and resorts	43,846
Clubs and others	<u>(43,970)</u>
	186,696
Unallocated corporate items	<u>(33,012)</u>
Balance carried forward	<u>153,684</u>

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NOTES TO THE INTERIM FINANCIAL REPORT**

A6 Segmental information for the financial period ended 31 December 2019 (Cont'd):

	Total RM'000
Balance brought forward	153,684
Investment related income, net:	
- Interest income	46,097
- Fair value changes of investments at fair value through profit or loss ("FVTPL")	(1,209)
- Gain on disposal of subsidiary company and remeasurement loss on retained interest of former subsidiary company (net)	2,000
- Fair value gain on remeasurement of a former associated company prior to its reclassification to investment in a subsidiary company	1,144
- Gain on disposal of an investment property	8,578
- Impairment of property, plant and equipment	(3,163)
- Additional provision for impairment on the balance of GMOC Project sales proceeds	(12,041)
- Dividend income	1,031
	42,437
Share of results from associated companies	(14,625)
Share of results from joint ventures	503
Finance costs	(89,288)
Profit before tax	92,711
Taxation	(86,484)
Profit for the financial period	<u>6,227</u>

A7 There were no material events subsequent to the end of this current quarter that have not been reflected in the financial statements for the current financial period under review.

A8 There were no material changes in the composition of the Group for the financial period ended 31 December 2019 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for those disclosed below:

- (i) On 1 July 2019, Berjaya Philippines Inc. ("BPI") disposed of 1,000,000 ordinary shares, representing 20% equity interest, in its wholly-owned subsidiary, Philippine Gaming Management Corporation ("PGMC") for a consideration of Philippine Peso ("Php") 117.15 million (equivalent to approximately RM9.49 million). BPI in turn, is a subsidiary company of Berjaya Sports Toto Berhad ("BToto"). Subsequently on 3 July 2019, PGMC issued additional 5,000,000 ordinary shares with par value of Php100 each ("Share Subscription"). BPI waived its right to subscribe for the additional shares issued by PGMC. BPI's equity interest in PGMC was thus further diluted to 39.99% from 79.99%, and PGMC ceased as a subsidiary and became an associated company of BPI.
- (ii) The Company acquired the entire equity interest in Berjaya Engineering Construction Sdn Bhd, comprising 5.0 million ordinary shares for RM4.82 million.
- (iii) On 22 August 2019, Berjaya Leisure Capital (Cayman) Ltd ("BLCC"), a wholly-owned subsidiary of the Company, subscribed for its entitlement and the excess of rights shares cum free warrants, totalling 100,000,000 new ordinary shares and 33,333,333 free warrants in Informatics Education Ltd ("Informatics") for a total cash consideration of SGD5.0 million (equivalent to approximately RM15.305 million). Consequently, BLCC's equity interest in Informatics increased from 27.09% to 67.42%, thus making Informatics a subsidiary company of BLCC.
- (iv) The Group's equity interest in BToto has decreased to 40.05% following the disposal of 10.5 million BToto shares by the Group.

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NOTES TO THE INTERIM FINANCIAL REPORT

- A8 There were no material changes in the composition of the Group for the financial period ended 31 December 2019 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for those disclosed below (Cont'd):
- (v) the incorporation of BDS Smart City Co. Ltd ("BDS") by Berjaya Myanmar Holdings Sdn Bhd ("BMHSB"), a wholly-owned subsidiary of the Company. Subsequently, BDS became a 80%-owned subsidiary company of BMHSB.
 - (vi) the incorporation of Berjaya Greenland Invest A/S ("BGI") by Berjaya Vacation Club Berhad, a wholly owned subsidiary of the Company. The intended principal activities of BGI is to carry out the investments and operations of real estate activities in Greenland.
 - (vii) the incorporation of Berjaya Hotels & Resorts A/S ("BHRS") by Berjaya Vacation Club Berhad, a wholly owned subsidiary of the Company. The intended principal activities of BHRS is to carry out the investments and operations of real estate activities in Greenland.
- A9 There were no material changes in contingent liabilities since the last audited statement of financial position as at 30 June 2019.
- A10 There were no material changes in capital commitments since the last audited statement of financial position as at 30 June 2019 except for the reduction for the proposed investments in several foreign investees and approved capital expenditure amounting to RM67.48 million and RM141.85 million respectively in the current financial period.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

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

Toto betting operations and related activities (gaming)

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

Motor retailing and provision of aftersales services

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

Property development and investment

- demographic of population, location of the properties, costs of building materials and related services lending guidelines and interest rates of the financial institutions, rental rates, age and condition of investment properties and the quality of property management services.

Operations of hotels and resorts

- room rates, seasonal festive periods and school holidays, location of the hotels and resorts, tourism and currency exchange trends, energy/other supplies costs, quality of rooms/amenities/service.

Due to the change of financial year end, the Group's performance of the current quarter is not comparable against the comparative period.

The summarised results of the Group are as follows:

	3-Month Ended		+ / (-) %
	31/12/2019 RM'000	31/12/2018 RM'000	
Revenue	<u>1,534,169</u>	<u>N/A</u>	<u>N/A</u>
Profit from operations	<u>49,341</u>	<u>N/A</u>	<u>N/A</u>
Profit before tax	<u>11,193</u>	<u>N/A</u>	<u>N/A</u>

Review of Results For the Current Quarter Ended 31 December 2019

The Group registered a revenue of RM1.53 billion and pre-tax profit of RM11.19 million in the current quarter ended ended 31 December 2019. The revenue was substantially contributed by the gaming business segment operated by Sports Toto Malaysia Sdn Bhd from its strong 4D Jackpot sales, motor retailing business operated by H.R. Owen Ltd and the hotels and resorts business segment.

The Group reported a pre-tax profit of RM11.19 million in the current quarter under review, mainly contributed by the gaming business segment which was offset by the low profit contribution from:

- the property development and investment business segment from high operating expenses incurred; and
- the hotels and resorts business segment from low revenue registered with the onset of monsoon season which affected the East Coast of Peninsular Malaysia's island resorts and the generally softer market conditions.

The Group also incurred:

- further impairment of RM12.0 million on the balance of GMOC Project sales proceeds to account for the time value of money for a further 3-month delay in GMOC Arbitration Proceedings; and
- impairment of property, plant and equipment amounting to RM3.2 million.

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The summarised results of the Group are as follows:

	6-Month Ended		+ / (-) %
	31/12/2019 RM'000	31/12/2018 RM'000	
Revenue	3,110,094	N/A	N/A
Profit from operations	153,684	N/A	N/A
Profit before tax	92,711	N/A	N/A

For the cumulative six months ended 31 December 2019 under review, the Group reported a revenue of RM3.11 billion and pre-tax profit of RM92.71 million. The gaming and motor retailing business segments were the main contributors to the group revenue.

As mentioned above, the profit contribution of the gaming business was offset by the low profit contribution from the other business segments.

B2 Review of Results of Second Quarter Vs First Quarter

	3-Month Ended	3-Month Ended	+ / (-) %
	31/12/2019 RM'000	30/09/2019 RM'000	
Revenue	1,534,169	1,575,925	(3)
Profit from operations	49,341	104,343	(53)
Profit before tax	11,193	81,518	(86)

For the current quarter ended 31 December 2019, the Group reported a revenue of RM1.53 billion and pre-tax profit of RM11.19 million as compared to revenue of RM1.58 billion and pre-tax profit of RM81.52 million in the preceding quarter ended 30 September 2019.

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

- (i) lower new and used car sales registered by H.R. Owen Ltd; and
- (ii) lower occupancy and average room rates registered by the hotels and resorts business segment with the onset of the monsoon season which affected the East Coast of Peninsular Malaysia's island resorts and the generally softer market conditions.

The above was partly mitigated by the higher revenue reported by the gaming business from strong 4D Jackpot sales and higher progress billings reported by the property development and investment business segment.

The lower pre-tax profit of the current quarter as compared to the preceding quarter was mainly due to the correspondingly lower profit contribution from H.R. Owen Ltd and the hotels and resorts business segments from lower revenue achieved and the higher operating expenses incurred. In addition, in the current quarter under review, the Group incurred a further impairment on the balance of GMOC sales proceeds and also impairment of property, plant and equipment. This was partly mitigated by the higher profit contribution from the gaming business segment.

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B3 Future Prospects

The recent outbreak of the new coronavirus (Covid-19) has resulted in travel restrictions by certain countries and caused the fear of infection. Consequently, the Group's hotels and resorts business segment is directly and adversely impacted by this outbreak and this business segment's performance is expected to be challenging in the subsequent quarters. As for the gaming business, the results of the number forecast operation ("NFO") business is expected to be better with the improving net revenue per draw and the NFO operation is expected to be able to maintain its market share for the remaining quarters of the financial year ending 30 June 2020. The performance of the property development business segment is expected to remain satisfactory.

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

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

	3-month ended 31/12/2019 RM'000	6-month ended 31/12/2019 RM'000
Interest income	(22,876)	(46,097)
Dividend income	(694)	(1,031)
Other income excluding dividend and interest income	(7,829)	(12,890)
Depreciation of property, plant and equipment	35,291	66,105
Gain on disposal of property, plant and equipment	(2,457)	(4,649)
Amortisation of intangible assets	190	651
Impairment loss on receivables (net)	761	619
Provision for and write off of inventories	1,449	1,449
Net foreign exchange loss	4,050	1,650
Gain or loss on derivatives	-	-
Fair value changes of investments at FVTPL	655	1,209
Gain on disposal of subsidiary company and remeasurement loss on retained interest of former subsidiary company (net)	-	(2,000)
Remeasurement gain of a former associated company prior to its reclassification to investment in a subsidiary company	(127)	(1,144)
Impairment of property, plant and equipment	3,163	3,163
Additional provision for impairment on the balance of GMOC Project sales proceeds	12,041	12,041
Gain on disposal of an investment property	<u>-</u>	<u>(8,578)</u>

B6 The taxation charges for the current quarter and financial period ended 31 December 2019 were detailed as follows:

	3-month ended 31/12/2019 RM'000	6-month ended 31/12/2019 RM'000
Malaysian income tax	33,801	70,198
Foreign tax	382	9,094
Deferred taxation	8,537	7,192
	<u>42,720</u>	<u>86,484</u>

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B6 The taxation charges for the current quarter and financial period ended 31 December 2019 were detailed as follows (Cont'd):

The disproportionate tax charge of the Group for the current quarter and financial period ended 31 December 2019 was mainly due to certain expenses being disallowed for tax purposes, the non-availability of the Group tax relief in respect of losses incurred by certain subsidiary companies.

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

- (a) On 19 July 2004, the Company announced that Selat Makmur Sdn Bhd now known as Berjaya Tagar Sdn Bhd ("BTSB"), a subsidiary company of Berjaya Land Development Sdn Bhd then, which in turn is a wholly owned subsidiary of the Company, had on even date entered into a conditional sale and purchase agreement with Selangor Turf Club ("STC") for the acquisition of 3 parcels of leasehold land measuring a total area of approximately 244.7926 acres located in Sungai Besi together with all existing buildings and fixtures erected thereon from STC ("Sungai Besi Land") for a total consideration of RM640.0 million to be settled by way of cash of RM35.0 million payable to STC and the balance of RM605.0 million to be satisfied with a transfer of 750 acres of land located in Sungai Tinggi ("Sungai Tinggi Land") with a newly built turf club thereon ("STC Proposals") ("SPA"). BTSB had proposed to acquire Sungai Tinggi Land from BerjayaCity Sdn Bhd ("BCity"), a subsidiary company of Berjaya Corporation Berhad and to appoint BCity as the turnkey contractor of the new turf club ("BCity Project").

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

Subsequently, on 28 June 2010, the Company announced the status of the CP as follows:

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

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

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

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

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

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

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

Pursuant to the aforesaid Supplemental Agreement, the period is extended for another year to 18 January 2020 to fulfil the conditions precedent below:

- 1 renewal of consent by Land and Mines Department (Federal) for the transfer to BTSB of the portion of Sungai Besi Land (held under H.S.(D) 61790 No. P.T. 2872 in the Mukim of Petaling, District and State of Wilayah Persekutuan) that resides in Wilayah Persekutuan, Kuala Lumpur which had expired on 11 January 2006; and
- 2 the approvals, permits or consents of any other relevant authorities as may be required by applicable laws include inter-alia the following:
 - (i) approval from the Town and Country Planning Department of the State of Selangor on the re-tabling of the amended master layout plan which was re-submitted on 19 August 2008;
 - (ii) approval from the Majlis Daerah Hulu Selangor ("MDHS") for the Development Order and building plan pertaining to the construction of the new turf club after approval under item 2(i) above is obtained; and
 - (iii) approval from the State Exco of Selangor for the conversion and sub-division of Sungai Tinggi Land after approvals under items 2(i) and (ii) above are obtained.

On 10 November 2017, the Company announced that further to the legal proceedings instituted by the Company, BTSB and BCity (the "Applicants") in March 2016 against the (1) Selangor State Government, (2) MDHS, (3) Majlis Daerah Kuala Selangor, (4) Pengarah Pejabat Tanah & Galian Negeri Selangor, (5) Pengarah Jabatan Perancangan Bandar dan Desa Negeri Selangor, (6) Pengarah Jabatan Kerja Raya Negeri Selangor, (7) Pengarah Jabatan Alam Sekitar Negeri Selangor and (8) Pengarah Jabatan Geosains Negeri Selangor (the "Respondents") by way of an application for judicial review in the Shah Alam High Court, the Shah Alam High Court had on 9 November 2017 decided on the judicial review in favour of the Applicants.

The judgement rendered on 9 November 2017 was as follows:

- 1 The Applicants' application against the 2nd, 3rd, 4th, 6th, 7th and 8th Respondents are dismissed with costs of RM2,000.00 awarded to the 2nd, 3rd, 4th, 6th, 7th and 8th Respondents respectively.
- 2 The Applicants are allowed to proceed with the development.

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

- 3 The Applicants are required to submit the relevant documents to the relevant technical departments for comments.
- 4 The technical departments are directed to respond within 3 months from the receipt of these documents, and failing which it is deemed that they have no objection to these documents.
- 5 Pursuant to an order in the nature of mandamus, the 1st and 5th Respondents are directed to re-table the Applicants' proposal papers to relocate and construct the Selangor Turf Club before the National Physical Planning Council within 3 months after the receipt of the proposal papers from the Applicants.
- 6 The Applicants are directed to submit the said proposal papers within 1 month upon receipt of the fair order, failing which the Applicants shall forfeit the benefit of the order of mandamus pursuant to paragraph 5.
- 7 The 1st and 5th Respondents are ordered to pay the Applicants compensation for any loss suffered by the Applicants. The amount of such compensation will be assessed in subsequent proceedings.

On 14 December 2017, the Company announced that the Selangor State Government and several other defendants ("the Appellants") have filed a Notice of Appeal to the Court of Appeal to appeal against the above decision of the Shah Alam High Court ("Main Appeal").

The 1st and 5th Respondents have also applied to stay the ongoing proceedings in the Shah Alam High Court and the execution of the Shah Alam High Court judgement in the judicial review proceedings ("Stay of Proceedings Application"). The Applicants have applied to the Shah Alam High Court for an extension of time to submit the proposal papers to the the first and fifth respondents ("Extension of Time Application"). In addition, the Applicants have also filed an application for assessment of compensation pursuant to the aforesaid Shah Alam High Court judgement ("Assessment Proceedings").

The Court of Appeal has granted a stay of execution of the High Court judgment and the Assessment Proceedings pending the disposal of the Main Appeal at the Court of Appeal.

The hearing of the Main Appeal at the Court of Appeal which was previously fixed on 24 October 2019 has been vacated by the Court of Appeal. The Court of Appeal instead heard a motion by the Appellants to adduce further evidence in this matter on 22 November 2019. The Court of Appeal dismissed the motion by the Appellants to adduce further evidence. The Court of Appeal has fixed 25 November 2019 as case management date to fix the hearing date of the Main Appeal. The Court of Appeal fixed the hearing date of the Main Appeal on 27 March 2020.

The Appellants subsequently filed a motion for leave to appeal to the Federal Court against the decision of the Court of Appeal in dismissing the Appellants' motion to adduce further evidence (the "FC Leave Motion"). The Federal Court has fixed the hearing of the Appellant's application for leave to appeal on 13 April 2020.

The Appellants have also filed a stay application to stay the hearing of the Main Appeal pending disposal of the FC Leave Motion. This stay application is fixed for hearing on the same day as the hearing of the Main Appeal, that is on 27 March 2020. In the event that the stay is refused by the Court of Appeal, the hearing of the Main Appeal will proceed.

The STC Proposals proceedings are still ongoing.

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

- (b) On 16 December 2015, the Company announced that Berjaya (China) Great Mall Co. Ltd ("GMOC"), a 51%-owned subsidiary of Berjaya Leisure (Cayman) Limited ("BLCL"), which in turn is a wholly-owned subsidiary of the Company had entered into a Construction Project Transfer Agreement ("Contract") with Beijing SkyOcean International Holdings Limited ("Beijing SkyOcean"), for the proposed disposal of the Berjaya (China) Great Mall Recreation Centre which is under construction and located in Sanhe City, Hebei Province, the People's Republic of China ("Great Mall Project"), for a cash consideration of RMB2.08 billion (or about RM1.39 billion) ("Proposed Disposal").

Beijing SkyOcean has paid:

- (i) RMB50.0 million (or about RM33.4 million) to GMOC on the signing of the Contract; and
- (ii) RMB1.015 billion (or about RM677.92 million) paid into an escrow bank account ("1st Instalment"). This amount shall be released to GMOC within 5 working days after all condition precedents ("CP") have been fulfilled.

On 16 December 2016, the Company announced that the Proposed Disposal has been completed with the receipt of RMB1.015 billion or 1st Instalment by GMOC from the escrow bank account following the fulfilment of all CP. The balance of cash consideration of RMB1.015 billion will be received by November 2017 ("Final Instalment").

Subsequently, on 28 April 2017, the Company announced that following the completion of the Proposed Disposal, GMOC has entered into a supplementary agreement with Beijing SkyOcean to adjust the total cash consideration pursuant to the Proposed Disposal from RMB2.08 billion to RMB2.039 billion, and accordingly revise the Final Instalment to RMB974.07 million as a result of part of the land being regained by Sanhe Land and Resource Bureau, reimbursement of theme park equipment and shared expenses relating to certain electrical works.

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

On 8 December 2017, the Company announced Beijing SkyOcean had not remitted the Final Instalment to GMOC by the appointed time. Hence, GMOC after seeking legal advice, had on 7 December 2017, issued a notice of demand to Beijing SkyOcean and the Guarantors to pay to GMOC the Final Instalment and accrued late payment interest within 3 days upon receipt of the said notice, failing which GMOC will take all relevant legal measures, including commencing legal proceeding in Hong Kong against Beijing SkyOcean and the Guarantors to protect and enforce GMOC's legitimate rights.

On 19 January 2018, the Company announced that GMOC submitted a Notice of Arbitration to the Hong Kong International Arbitration Centre against Beijing SkyOcean and the Guarantors to seek recovery of the Final Instalment and accrued late payment interests as well as other reliefs.

The arbitral tribunal had since been constituted and the procedural timetable had been determined by the tribunal for pre-trial preparations, including closing of pleadings, discovery of documents and exchange of witness statements, etc. The arbitration hearing which was originally scheduled to take place in the week of 14 October 2019 was subsequently held and concluded during the week of 16 December 2019. The arbitral tribunal is currently in deliberations and a decision is expected during the second quarter of 2020.

The GMOC Project Arbitration Proceedings are still ongoing.

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

- (c) On 4 June 2018, the Company announced that BLCL had entered into a Capital Transfer Agreement for the proposed disposal by BLCL of the entire resultant 32.5% of the capital contribution in Berjaya Vietnam Financial Center Limited ("BVFC") to Vinhomes Joint Stock Company ("Vinhomes") and Can Gio Tourist City Corporation for a cash consideration of VND884.93 billion (equivalent to approximately RM154.86 million) ("Proposed BVFC Disposal"). The Proposed BVFC Disposal is pending completion.

Initially, BLCL's capital contribution of VND967.31 billion comprised and represented 100% of the charter capital of BVFC. However, following the conditions imposed by the Vietnamese authorities, BVFC was required to increase its charter capital and Vinhomes had in March 2018 injected fresh capital contribution amounting to VND2,008.69 billion (equivalent to approximately RM352 million) into BVFC to fulfill the above requirement which accordingly resulted in a dilution of BLCL's holding in the charter capital of BVFC to 32.5%.

In conjunction with the Proposed BVFC Disposal, Vinhomes and its affiliates are also being considered as potential purchasers of Berjaya Vietnam International University Town One Member Limited Liability Company ("BVIUT") and have in December 2017 also injected a cash sum of VND11,904 billion as fresh capital contribution into BVIUT in order to meet certain similar conditions imposed by the Vietnamese authorities which require BVIUT to increase its charter capital to VND12,000 billion.

Accordingly, BLCL's initial stake in BVIUT has also been diluted from 100% to 0.8%. It is the intention of BLCL to dispose of its 0.8% stake in BVIUT in the near future ("Proposed BVIUT Disposal").

- (d) On 15 July 2019, the Company announced that its wholly-owned Irish incorporated subsidiary, Berjaya Property Ireland Limited ("BPIL") has on 13 July 2019 in Reykjavik, Iceland entered into a Share Purchase Agreement ("SPA") with Icelandair Group hf. ("Seller") for the proposed acquisition of 75% stake in Icelandair Hotels ehf, which will acquire 100% of Hljomalindarreitur ehf and certain hotels and real estate assets in Iceland ("New Icelandair Hotels Group") for a total cash consideration of approximately USD53.63 million (or about RM222.03 million). Besides the SPA, BPIL also entered into a Shareholders Agreement and a Put and Call Option Agreement with the Seller. The remaining 25% stake in the New Icelandair Hotels Group which will continue to be owned by the Seller will be subject to the Put and Call Option Agreement, whereby upon the exercise of the put or call option, BPIL will eventually own 100% stake in the New Icelandair Hotels Group.

On 24 December 2019, the Company announced that a total of USD15 million has been paid towards the purchase consideration. The final balance payment is to be determined pursuant to the terms of the SPA and the completion date of the proposed acquisition has been extended from 30 December 2019 to 28 February 2020.

- (e) On 7 February 2020, the Company announced that its 80%-owned subsidiary namely BDS Smart City Co. Ltd ("BDS") has entered into a concession agreement ("CA") with the Government of Yangon Region ("YRG"), the Republic of the Union of Myanmar to formalize a collaboration in undertaking a housing and mixed development project on 12 parcels of land ("Land") in Myanmar.

Pursuant to the CA, BDS will own the exclusive rights over the Land for a period of 50 years from the date on which the conditions precedent of the CA are fulfilled (or waived) and further extendable for 2 consecutive terms of 10 years each ("Concession Period").

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

Based on the preliminary plan of the proposed development,

- (a) the estimated gross development value is USD746.08 million (or about RM3.05 billion);
- (b) the gross development cost ("GDC") is estimated to be USD614.92 million (or about RM2.52 billion); and
- (c) the estimated profit before taxation is about USD131.16 million (or about RM536.44 million) to be recognized over the duration of the development up to completion.

The Land is expected to be developed over a period of 9 years and automatically extended for additional 1 year thereafter. The GDC is expected to be funded through bank borrowings and internally-generated funds of the Group.

In consideration of the rights granted by YRG to BDS under the CA, BDS shall pay and deliver to YRG a total consideration (in cash and in kind) comprising of:

- (i) cash of USD3.0 million (or about RM12.27 million); and
- (ii) the affordable housing with an estimated net floor area of 242,800 square meters valued at USD182.76 million (or about RM747.49 million).

B8 Group borrowings and debt securities as at 31 December 2019:

	RM'000	RM'000
<u>Short term borrowings</u>		
Secured bank borrowings		
Denominated in Ringgit Malaysia	458,672	
Denominated in USD (USD1,282,000) *	5,256	
Denominated in GBP (GBP11,250,000) *	60,434	
Denominated in SGD(SGD4,080,000) *	12,407	
Denominated in Euro (€1,079,000) *	4,958	
Denominated in PHP (PHP330,000,000) *	26,663	
Denominated in JPY (JPY2,243,460,000) *	84,556	
		652,946
Secured Medium Term Notes (Denominated in RM)		234,803
		887,749
Secured finance lease and hire purchase payables		
Denominated in Ringgit Malaysia	1,230	
Denominated in USD (USD2,050,000) *	8,407	
		9,637
Secured vehicle stocking loans		
Denominated in GBP (GBP68,496,000) *		365,215
Sub-total short term borrowings		<u>1,262,601</u>

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B8 Group borrowings and debt securities as at 31 December 2019 (cont'd):

	RM'000	RM'000
<u>Long term borrowings</u>		
Secured bank borrowings		
Denominated in Ringgit Malaysia	827,213	
Denominated in USD (USD2,319,000) *	9,509	
Denominated in Euro (€2,901,000) *	13,334	
Denominated in PHP (PHP12,500,000) *	1,010	
		851,066
Secured Medium Term Notes (Denominated in RM)		962,474
Secured finance lease and hire purchase payables		
Denominated in Ringgit Malaysia	3,200	
Denominated in USD (USD12,490,000) *	51,222	
		54,422
Sub-total long term borrowings		<u>1,867,962</u>
Total borrowings		<u>3,130,563</u>

* *Converted at the respective exchange rates prevailing as at 31 December 2019*

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

JDC Lawsuit

On 6 November 2015, the Company announced that its 72.6% subsidiary, Berjaya Jeju Resort Limited ("BJR"), had instituted legal proceedings in the Republic of Korea against Jeju Free International City Development Center ("JDC") for the breach by JDC of certain terms and conditions set out in the Land Sale and Purchase Agreement dated 30 March 2009 ("Land SPA") entered into between BJR and JDC in relation to the proposed mixed development of an international themed village known as the "Jeju Airst City" in Jeju Island, Republic of Korea ("Jeju Project") and to claim for losses and damages incurred as a result thereof ("JDC Lawsuit"). JDC holds a 19% stake in BJR.

Pursuant to the Land SPA, JDC is obligated to transfer the lands acquired thereunder to BJR free from all liens, security interests and encumbrances. However, on 20 March 2015 the Supreme Court of the Republic of Korea ("Korean Supreme Court") ruled that the expropriation by JDC of certain parcels of lands which were then subsequently sold to BJR pursuant to the Land SPA was invalid. Hence JDC had breached the terms of the Land SPA as it failed to transfer good and unencumbered title to the said lands to BJR. Under the circumstances, the on-going development works on the Jeju Project were suspended pending the resolution of the lawsuits.

A consequence of the Korean Supreme Court decision is that certain former owners of the said lands had filed lawsuits against JDC and BJR, seeking the cancellation of registration of land titles ("Landowners Lawsuits").

Pursuant to the financing arrangement for Phase 1 of the Jeju Project and following the suspension of the development work thereon, JDC had repurchased part of the lands (under Phases 2 to 9) for KRW107.0 billion (or about RM374.5 million) and the cash proceeds were used to fully settle the loan outstanding with the financiers, and to partially settle the Phase 1 construction cost due and owing to the main contractor.

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

JDC Lawsuit (cont'd)

On completion of the land repurchased by JDC, BJR gave notice to terminate the Land SPA in respect of the remaining land under Phase 1 of the Jeju Project. BJR has grounds to terminate the Land SPA following court decisions rendered in certain of the Landowner Lawsuits to cancel the registration of land titles.

At the preparatory court hearing on 14 October 2016, the presiding judge had agreed to BJR's application to conduct a land price appraisal of the Jeju Project to quantify the amount of damages. The presiding judge had also made an inspection of the Jeju Project site on 25 November 2016. The land price appraisal report of the Jeju Project had been completed by the court-appointed land appraisal company and the land price appraisal report has been submitted directly to the court.

On 13 September 2017, Jeju District Court rendered a judgement against JDC and Seogwipo City in the Administrative Lawsuit. The judgement rendered all of the development approvals issued in connection with the Jeju Project null and void. JDC and Seogwipo City have filed an appeal against the Administrative Lawsuit judgement. On 1 February 2019, the Korean Supreme Court dismissed JDC and Seogwipo City's appeal.

In view of the nullification of all the development approvals issued in connection with the Jeju Project, BJR made an application to the court in the JDC Lawsuit for a supplementary land price appraisal report, to be prepared with respect to the Jeju Project site subject to a revised assumption that no development approval had been issued on the Jeju Project site. In February 2018, the presiding judge in the JDC Lawsuit was re-assigned to another court, and another judge was appointed as the new presiding judge in the JDC Lawsuit.

In July 2018, BJR made an application to the court in the JDC Lawsuit to conduct a second supplementary land price appraisal report, as BJR was dissatisfied with the first supplementary land appraisal report which was based on disputable land reference. The court in the JDC Lawsuit granted BJR's application to conduct a second supplementary appraisal, to be undertaken by a different appraiser. The second supplementary land price appraisal report has been completed and a preparatory hearing was held on 20 June 2019. The presiding judge closed the preparatory proceedings for pleading and stated that the formal hearing will commence on 25 July 2019.

At the formal hearing held on 25 July 2019, the presiding judge requested BJR to submit evidentiary evidence with respect to the total claims by BJR and fixed 19 September 2019 as the next hearing date. On 19 September 2019, the presiding judge fixed 31 October 2019 as the final hearing before the court decides on the JDC Lawsuit. The final hearing was subsequently re-set to 25 November 2019. The court has fixed 9 January 2020 for delivery of the judgment. On 9 January 2020, the delivery of the court's judgement was postponed to 6 February 2020. On 6 February 2020, the court further postponed the delivery of its judgement to an unspecified date.

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

GMOG Project Arbitration Proceedings

Reference is made to Note B7 (b).

On 19 January 2018, the Company announced that GMOG submitted a Notice of Arbitration to the Hong Kong International Arbitration Centre ("HKIAC") against Beijing SkyOcean and the Guarantors ("Respondents") to seek recovery of the Final Instalment and accrued late payment interests ("Outstanding Payment") as well as as other reliefs.

The arbitral tribunal had since been constituted and the procedural timetable had been determined by the tribunal for pre-trial preparations, including closing of pleadings and exchange of witness statements, etc. The arbitration hearing which was originally scheduled to take place in the week of 14 October 2019 was subsequently held and concluded during the week of 16 December 2019. The arbitral tribunal is currently in deliberations and a decision is expected during the second quarter of 2020.

BCity Project Legal Proceedings

Reference is made to Note B7(a).

On 10 November 2017, the Company announced that further to the legal proceedings instituted by the Company, BNTB and BCity (the "Applicants") in March 2016 against the (1) Selangor State Government, (2) MDHS, (3) Majlis Daerah Kuala Selangor, (4) Pengarah Pejabat Tanah & Galian Negeri Selangor, (5) Pengarah Jabatan Perancangan Bandar dan Desa Negeri Selangor, (6) Pengarah Jabatan Kerja Raya Negeri Selangor, (7) Pengarah Jabatan Alam Sekitar Negeri Selangor and (8) Pengarah Jabatan Geosains Negeri Selangor (the "Respondents") by way of an application for judicial review in the Shah Alam High Court, the Shah Alam High Court had on 9 November 2017 decided on the judicial review in favour of the Applicants.

Further to the above, on 14 December 2017, the Company announced that the Selangor State Government and several other respondents ("the Appellants") have filed a Notice of Appeal to the Court of Appeal to appeal against the decision of the Shah Alam High Court made on 9 November 2017 ("Main Appeal").

The 1st and 5th Respondents have also applied to stay the ongoing proceedings in the Shah Alam High Court and the execution of the Shah Alam High Court judgement in the judicial review proceedings ("Stay of Proceedings Application"). The Applicants have applied to the Shah Alam High Court for an extension of time to submit the proposal papers to the the first and fifth respondents ("Extension of Time Application"). In addition, the Applicants have also filed an application for assessment of compensation pursuant to the aforesaid Shah Alam High Court judgement ("Assessment Proceedings").

The Court of Appeal has granted a stay of execution of the Shah Alam High Court judgement and the Assessment Proceedings pending the disposal of the Main Appeal at the Court of Appeal.

The hearing of the Main Appeal at the Court of Appeal which was previously fixed on 24 October 2019 has been vacated by the Court of Appeal. The Court of Appeal instead heard a motion by the Appellants to adduce further evidence in this matter on 22 November 2019. The Court of Appeal dismissed the motion by the Appellants to adduce further evidence. The Court of Appeal has fixed 25 November 2019 as case management date to fix the hearing date of the Main Appeal. The Court of Appeal fixed the hearing date of the Main Appeal on 27 March 2020.

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

The Appellants subsequently filed a motion for leave to appeal to the Federal Court against the decision of the Court of Appeal in dismissing the Appellants' motion to adduce further evidence (the "FC Leave Motion"). The Federal Court has fixed the hearing of the Appellant's application for leave to appeal on 13 April 2020.

The Appellants have also filed a stay application to stay the hearing of the Main Appeal pending disposal of the FC Leave Motion. This stay application is fixed for hearing on the same day as the hearing of the Main Appeal, that is on 27 March 2020. In the event that the stay is refused by the Court of Appeal, the hearing of the Main Appeal will proceed.

B10 The Board does not recommend any dividend for the current period (previous year corresponding period ended 31 December 2018 : N/A).

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

	Group (3-month period)			
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000		sen	
Net loss for the current period attributable to equity holders of the Parent	<u>(63,730)</u>	<u>N/A</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	<u>4,989,394</u>	<u>N/A</u>		
Basic loss per share			<u>(1.28)</u>	<u>N/A</u>
	Group (6-month period)			
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000		sen	
Net loss for the financial period attributable to equity holders of the Parent	<u>(69,717)</u>	<u>N/A</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	<u>4,989,394</u>	<u>N/A</u>		
Basic loss per share			<u>(1.40)</u>	<u>N/A</u>

There are no potential ordinary shares outstanding as at 31 December 2019. As such, the fully diluted loss per share of the Group is equivalent to the basic loss per share.