

Berjaya Corporation Berhad

Company No: 554790-X

Date: 30 September 2013

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2013**

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BERJAYA CORPORATION BERHAD**(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended	
	31/07/2013	31/07/2012
	RM'000	RM'000
GROUP REVENUE	2,019,596	1,804,111
PROFIT FROM OPERATIONS	294,073	185,343
Investment related income	33,570	44,323
Investment related expenses	(23)	(286)
Finance costs	(83,677)	(78,291)
Share of results of associates	19,937	20,171
Share of results of jointly controlled entities	(2,838)	(6,051)
PROFIT BEFORE TAX	261,042	165,209
INCOME TAX EXPENSE	(102,171)	(68,424)
PROFIT AFTER TAX	158,871	96,785
ATTRIBUTABLE TO:		
- Equity holders of the parent	53,433	28,022
- Non-controlling interests	105,438	68,763
	158,871	96,785
EARNINGS PER SHARE (SEN)		
- Basic, for the period	1.13	0.63
- Diluted, for the period	+	0.63

Note:

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

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

BERJAYA CORPORATION BERHAD**(Company No: 554790 - X)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended	
	31/07/2013	31/07/2012
	RM'000	RM'000
PROFIT AFTER TAX	158,871	96,785
OTHER COMPREHENSIVE ITEMS		
Net changes on available-for-sale ("AFS") financial assets		
- Changes in fair value of AFS investments	38,902	4,716
- Disposals of AFS investments transferred to profit or loss	(2,308)	(11,585)
Foreign currency translation	124,026	75,867
Share of other comprehensive items of associates	8,402	(496)
Income tax relating to components of other comprehensive income	(3,117)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	324,776	165,287
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Equity holders of the parent	132,615	62,261
- Non-controlling interests	192,161	103,026
	324,776	165,287

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

BERJAYA CORPORATION BERHAD

(Company No: 554790 - X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/07/2013 RM'000	Group As at 30/04/2013 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,894,582	2,903,823
Biological assets	23,759	23,065
Other investments	191,585	87,009
Investment properties	668,375	668,964
Prepaid land lease premiums	1,050	1,055
Land held for development	2,575,521	2,522,067
Investment in associated companies	1,367,334	1,331,232
Investment in jointly controlled entities	111,741	118,002
Deferred tax assets	57,473	56,165
Other long term receivables	566,788	524,992
Intangible assets	<u>6,065,518</u>	<u>6,050,316</u>
	<u>14,523,726</u>	<u>14,286,690</u>
Current Assets		
Development properties	1,054,185	1,012,568
Inventories	798,008	874,335
Trade and other receivables	1,865,609	1,572,856
Short term investments	11,496	19,675
Tax recoverable	23,870	26,261
Deposits with financial institutions	632,854	793,511
Cash and bank balances	631,562	555,151
Assets classified as held for sale	-	28,304
	<u>5,017,584</u>	<u>4,882,661</u>
TOTAL ASSETS	<u>19,541,310</u>	<u>19,169,351</u>
EQUITY AND LIABILITIES		
Share capital	4,295,008	4,294,836
Share premium	5,942	5,942
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - Equity component	448,650	448,822
Reserves	<u>1,276,997</u>	<u>1,148,131</u>
	6,026,597	5,897,731
Less: Treasury shares	<u>(82,882)</u>	<u>(80,494)</u>
	5,943,715	5,817,237
Non-controlling interests	<u>5,124,755</u>	<u>4,970,251</u>
Equity funds	<u>11,068,470</u>	<u>10,787,488</u>
Non-current liabilities		
Irredeemable Convertible Unsecured Loan Stocks	407,700	405,232
Long term borrowings	3,015,241	2,445,442
Other long term liabilities	418,235	416,479
Deferred tax liabilities	324,811	319,128
Provisions	<u>18,885</u>	<u>16,405</u>
	<u>4,184,872</u>	<u>3,602,686</u>
Current Liabilities		
Trade and other payables	2,017,551	2,081,243
Provisions	5,771	2,874
Short term borrowings	2,149,490	2,619,178
Taxation	115,156	74,758
Derivative liability	-	1,124
	<u>4,287,968</u>	<u>4,779,177</u>
Total Liabilities	<u>8,472,840</u>	<u>8,381,863</u>
TOTAL EQUITY AND LIABILITIES	<u>19,541,310</u>	<u>19,169,351</u>
Basic net assets per share (sen)	130.48	127.35
Dilutive net assets per share (sen)	117.99	115.80

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

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

Dilutive : Equity funds less non-controlling 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 and exercise of Warrants.

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

BERJAYA CORPORATION BERHAD
(Company No: 554790 - X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Parent											Total net equity funds RM'000	Non-controlling interests RM'000	Total equity RM'000	
	Non-distributable						Distributable								
	Share capital RM'000	Share premium RM'000	ICULS - equity component # RM'000	AFS reserve RM'000	Share option reserve RM'000	Warrant reserve ^ RM'000	Fair value reserve RM'000	Capital reserve RM'000	Consolidation reserve RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Treasury shares RM'000			
At 1 May 2013	4,294,836	5,942	448,822	(16,367)	339	146,781	871,537	14,303	(941,791)	(116,949)	1,190,278	(80,494)	5,817,237	4,970,251	10,787,488
Total comprehensive income	-	-	-	19,350	(3)	-	-	-	238	59,597	53,433	-	132,615	192,161	324,776
Transactions with owners:															
Transfer of reserves	-	-	-	-	(23)	-	202	-	(581)	295	107	-	-	-	-
Arising from conversion of BCorp ICULS 1 - by surrender option	172	-	(172)	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	-	-	-	-	-	(2,388)	(2,388)	-	(2,388)
Adjustment in relation to part disposal/dilution of equity interest in subsidiary companies	-	-	-	-	-	-	-	-	(3,628)	-	-	-	(3,628)	15,165	11,537
Adjustment due to increase in equity in subsidiary companies	-	-	-	-	-	-	-	-	(338)	-	-	-	(338)	(23,750)	(24,088)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	62	62
Share based payment	-	-	-	-	217	-	-	-	-	-	-	-	217	96	313
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,230)	(29,230)
	172	-	(172)	-	194	-	202	-	(4,547)	295	107	(2,388)	(6,137)	(37,657)	(43,794)
At 31 July 2013	4,295,008	5,942	448,650	2,983	530	146,781	871,739	14,303	(946,100)	(57,057)	1,243,818	(82,882)	5,943,715	5,124,755	11,068,470

Notes:

This comprises the equity components of 0% Irredeemable Convertible Unsecured Loan Stocks October 2005/2015 ("BCorp ICULS 1"), 5% Irredeemable Convertible Unsecured Loan Stocks April 2012/2022 ("BCorp ICULS 2") and 5% Irredeemable Convertible Unsecured Loan Stocks April 2012/2022 ("BCorp ICULS 2") and 5% Irredeemable Convertible Unsecured Loan Stocks November 2012/2017 ("BCorp ICULS 3")

^ This comprises the fair values of 10-year Warrants 2012/2022 ("Warrants 1") and 5-year Warrants 2012/2017 ("Warrants 2")

BERJAYA CORPORATION BERHAD
(Company No: 554790 - X)

 UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to the equity holders of the Parent											Total net equity funds RM'000	Non-controlling interests RM'000	Total equity RM'000	
	Non-distributable						Distributable								
	Share capital RM'000	Share premium RM'000	ICULS - equity component # RM'000	AFS reserve RM'000	Share option reserve RM'000	Warrant reserve ^ RM'000	Consolidation reserve RM'000	Fair value reserve RM'000	Capital reserve RM'000	Foreign currency translation reserves RM'000	Retained earnings RM'000	Treasury shares RM'000			
At 1 May 2012	4,269,224	5,942	462,861	(3,766)	828	147,023	(954,843)	934,291	13,640	(109,107)	1,029,963	(73,721)	5,722,335	4,831,412	10,553,747
Total comprehensive income	-	-	-	1,804	(2)	-	-	(381)	-	32,818	28,022	-	62,261	103,026	165,287
Transaction with owners:															
Transfer of reserves	-	-	-	(134)	-	-	174	(15,956)	(111)	944	15,083	-	-	-	-
Arising from conversion of BCorp ICULS 1&2															
- by cash option	15,000	-	(7,500)	-	-	-	-	-	-	-	-	-	7,500	-	7,500
- by surrender option	4,314	-	(1,848)	-	-	-	-	-	-	-	(899)	-	1,567	-	1,567
Reversal of deferred tax liability															
on conversion of BCorp ICULS 2	-	-	147	-	-	-	-	-	-	-	-	-	147	-	147
Treasury shares acquired	-	-	-	-	-	-	-	-	-	-	-	(1,757)	(1,757)	-	(1,757)
Adjustment in relation to part disposal/dilution of equity interest in subsidiary companies	-	-	-	-	-	-	2,225	-	-	-	-	-	2,225	36,285	38,510
Adjustment due to increase in equity in subsidiary companies	-	-	-	-	-	-	(26,687)	-	-	-	-	-	(26,687)	(49,281)	(75,968)
Share based payment	-	-	-	-	(11)	-	-	-	-	-	-	-	(11)	131	120
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(35,540)	(35,540)
	19,314	-	(9,201)	(134)	(11)	-	(24,288)	(15,956)	(111)	944	14,184	(1,757)	(17,016)	(48,405)	(65,421)
At 31 July 2012	4,288,538	5,942	453,660	(2,096)	815	147,023	(979,131)	917,954	13,529	(75,345)	1,072,169	(75,478)	5,767,580	4,886,033	10,653,613

Notes:

- # This comprises the equity components of 0% Irredeemable Convertible Unsecured Loan Stocks October 2005/2015 ("BCorp ICULS 1"), 5% Irredeemable Convertible Unsecured Loan Stocks April 2012/2022 ("BCorp ICULS 2") and 5% Irredeemable Convertible Unsecured Loan Stocks April 2012/2022 ("BCorp ICULS 2") and 5% Irredeemable Convertible Unsecured Loan Stocks November 2012/2017 ("BCorp ICULS 3")
- ^ This comprises the fair values of 10-year Warrants 2012/2022 ("Warrants 1") and 5-year Warrants 2012/2017 ("Warrants 2")

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

BERJAYA CORPORATION BERHAD**(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2013	31/07/2012
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	2,052,655	1,941,272
Payments for operating expenses	(1,860,845)	(1,868,537)
Payment of taxes	(54,305)	(77,009)
Other receipts (including tax refunds)	84,185	47,241
Net cash generated from operating activities	<u>221,690</u>	<u>42,967</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of property, plant and equipment and non-current assets	5,754	28,520
Disposal of investment in subsidiary companies	22,774	84,491
Disposal of other investments	20,880	-
Acquisition of property, plant and equipment and non-current assets	(26,133)	(66,689)
Acquisition of investments in subsidiary companies	-	(118,758)
Acquisition of investments in associated companies	(10,500)	(1,166)
Acquisition of other investments	(68,472)	(94,091)
Acquisition of treasury shares by a subsidiary company	(23,395)	(1,972)
Interest received	27,215	24,291
Dividend received	13,701	1,424
Advances to jointly controlled entities	(10,384)	(4,391)
Deposits placement with investment advisers	(143,976)	-
Other payments	(10,425)	(39,585)
Net cash used in investing activities	<u>(202,961)</u>	<u>(187,926)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of treasury shares by the Company	(2,388)	(1,757)
Issuance of share capital	-	7,500
Issuance of share capital to non-controlling interests of subsidiary companies	1,161	297
Dividend paid to shareholders of the Company	(2)	(225)
Dividends paid to non-controlling interests of subsidiary companies	(33,352)	(2,514)
Interest paid	(82,153)	(93,624)
Drawdown of bank and other borrowings	1,307,805	460,915
Repayment of bank and other borrowings	(1,234,360)	(1,018,144)
Net cash used in financing activities	<u>(43,289)</u>	<u>(647,552)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,560)	(792,511)
OPENING CASH AND CASH EQUIVALENTS	1,105,189	1,786,466
Effect of exchange rate changes	13,513	12,715
CLOSING CASH AND CASH EQUIVALENTS	<u>1,094,142</u>	<u>1,006,670</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	632,854	760,774
Cash and bank balances	631,562	479,571
Bank overdraft (included under short term borrowings)	<u>(98,411)</u>	<u>(147,278)</u>
	1,166,005	1,093,067
Less :		
Remisiers' deposit held in trust	(23,850)	(14,238)
Clients' money held in trust	<u>(48,013)</u>	<u>(72,159)</u>
	<u>1,094,142</u>	<u>1,006,670</u>

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

BERJAYA CORPORATION BERHAD**(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR").

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding the changes in the financial position and performance of the Company since the year ended 30 April 2013.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 May 2013.

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

- A2 The following business operations of the Group are affected by seasonal or cyclical factors:

- (a) the property development segment is affected by the prevailing cyclical economic conditions.
- (b) the stock and futures broking businesses are influenced by the performance of the stock market.
- (c) 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.
- (d) the gaming business may be positively impacted by the festive seasons.

- A3 (a) The following are the unusual items that occurred during the current quarter under review:

Recognised directly in income statement	Current Quarter RM'000
Gain on disposal of an AFS investment	4,937
Gain on disposal of an investment property	243
Write-back of investment in associated companies	3,287
Fair value changes of fair value through profit or loss ("FVTPL") investments	9,476
	<u>17,943</u>

- (b) There were no material change in estimates of amounts reported in the current quarter ended 31 July 2013 other than those changes that resulted from the adoption of new FRSs, Amendments to FRSs, Interpretations and Technical Releases mentioned in Note A1 above.

BERJAYA CORPORATION BERHAD**(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

NOTES TO THE INTERIM FINANCIAL REPORT

A4 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 July 2013 except for the following (rounded to nearest thousand):

- (a) Share capital
172,000 ordinary shares of RM1.00 each were issued pursuant to conversion of 344,000 BCorp ICULS 1 of RM0.50 nominal value each.
- (b) 0% 10-year irredeemable convertible unsecured loan stocks of RM0.50 nominal value each ("BCorp ICULS 1")
344,000 BCorp ICULS 1 have been tendered for the subscription of 172,000 ordinary shares of RM1.00 each.
- (c) 10-year warrants 2012/2022 ("Warrants 1")
During the financial period ended 31 July 2013, no shares have been issued pursuant to the exercise of Warrants 1.
- (d) 5-year warrants 2012/2017 ("Warrants 2")
During the financial period ended 31 July 2013, no shares have been issued pursuant to the exercise of Warrants 2.
- (e) Treasury shares
4,400,000 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 July 2013 and up to the date of this announcement:-

	<u>RM'000</u>	<u>RM'000</u>
Share capital - Issued and fully paid up as at 31 July 2013		4,295,008
Arising from conversion of BCorp ICULS 1, 2 & 3		
- by cash option	-	
- by surrender option	<u>100</u>	100
Share capital - Issued and fully paid up as at 27 September 2013		<u><u>4,295,108</u></u>

Subsequent to 31 July 2013, no warrant has been exercised.

BERJAYA CORPORATION BERHAD**(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

NOTES TO THE INTERIM FINANCIAL REPORT

The details of the share buyback during the financial period ended 31 July 2013 are as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
May 2013	0.54	0.55	0.54	4,400,000	2,388
			0.54	4,400,000	2,388

The number of treasury shares held in hand as at 31 July 2013 are as follows:

	Average price per share RM	Number of shares	Amount RM'000
Balance as at 30 April 2013	1.02	79,300,000	80,494
Increase in treasury shares	0.54	4,400,000	2,388
Total treasury shares as at 31 July 2013	0.99	83,700,000	82,882

As at 31 July 2013, the number of outstanding shares in issue and fully paid up with voting rights (rounded to nearest thousand) was 4,211,308,000 (31 July 2012: 4,217,788,000) ordinary shares of RM1.00 each.

A5 The Company did not pay any dividend in the financial period ended 31 July 2013.

A6 Segment information for the financial period ended 31 July 2013:-

REVENUE	External RM'000	Inter-segment RM'000	Total RM'000
Toto betting operations	883,225	-	883,225
Financial services	12,520	1,500	14,020
Property investment and development	161,321	7,202	168,523
Hotels and resorts	80,151	578	80,729
Marketing of consumer products and services	777,247	9,711	786,958
Restaurants	48,455	3,354	51,809
Others	56,677	5,690	62,367
Elimination: Inter-segment Revenue	-	(28,035)	(28,035)
Total revenue	2,019,596	-	2,019,596

BERJAYA CORPORATION BERHAD**(Company No: 554790 - X)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

NOTES TO THE INTERIM FINANCIAL REPORT

RESULTS

	RM'000
Toto betting operations	154,288
Financial services	2,220
Property investment and development	30,551
Hotels and resorts	99,995
Marketing of consumer products and services	29,222
Restaurants	(2,981)
Others	(13,862)
	<u>299,433</u>
Unallocated corporate items	(5,360)
Profit from operations	<u>294,073</u>
Investment related income	
-Interest income	15,225
-Gain on disposal of an AFS investment	4,937
-Gain on disposal of an investment property	243
-Write-back of investment in associated companies	3,310
-Fair value changes of FVTPL investments	9,476
-Dividend income and others	379
	<u>33,570</u>
Investment related expenses	
-Impairment in value of an associated company	(23)
	<u>(23)</u>
Finance costs	(83,677)
Share of results of associates	19,937
Share of results of jointly controlled entities	(2,838)
Profit before tax	<u>261,042</u>
Income tax expense	(102,171)
Profit after tax	<u><u>158,871</u></u>

A7 There were no significant events since the end of this current quarter up to the date of this announcement other than as disclosed in Note B7.

BERJAYA CORPORATION BERHAD

(Company No: 554790 - X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

NOTES TO THE INTERIM FINANCIAL REPORT

- A8 There were no changes in the composition of the Group for the current period ended 31 July 2013, including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operations except for the following:-
- (a) On 13 June 2013, Sports Toto Malaysia Trust ("STM-Trust") was constituted in Singapore by a declaration of trust by Sport Toto Malaysia Management Pte. Ltd., as trustee-manager of STM-Trust under a trust deed dated 13 June 2013.
 - (b) On 24 July 2013, BFood announced that it had on even date incorporated a wholly owned subsidiary company under the name of Berjaya Food Management Services Sdn Bhd ("BFMS"). The intended principal activity of BFMS is to provide management services related to certain food operations of the Group.
- A9 There were no material changes in contingent liabilities or contingent asset since the last audited statement of financial position as at 30 April 2013.
- A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2013.

BERJAYA CORPORATION BERHAD

(Company No: 554790 - X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B1 The main operating businesses of the Group are toto betting operations, financial services, property investment and development, hotels and resorts and marketing of consumer products and services. The key factors (other than the general economic conditions) affecting the performance of the main operating businesses in the Group are as follows:

Toto betting operations

Disposable income of the general public, Jackpot cycles, luck factor and the number of draws in the financial period.

Financial services

Stock market conditions, client trading frequency and volume, borrowing costs and recovery of loan financing debts.

Property investment and development

Demography 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.

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.

Marketing of consumer products and services

Effectiveness of marketing initiatives, new product launches, sales productivity, consumer preferences and spending trends, the fluctuation of foreign exchange rates impacting product costs and competitive pricing and promotions offered by competitors and the disposable income of the consumers.

Restaurants

Festive season, tourism, eating out culture, raw material costs, staff costs and consumer perception.

BERJAYA CORPORATION BERHAD

(Company No: 554790 - X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

Review of results for the quarter

The Group registered a revenue of RM2.02 billion and pre-tax profit of RM261.04 million in the current quarter ended 31 July 2013 as compared to a revenue of RM1.80 billion and pre-tax profit of RM165.21 million reported in the previous year corresponding quarter.

Commentary on revenue

The Group recorded a higher revenue for the current quarter under review mainly with contributions from the property investment and development segment and the marketing of consumer products and services segment.

Toto betting operations

The gaming business operated by Sports Toto Malaysia Sdn Bhd ("STM"), the principal subsidiary of Berjaya Sports Toto Berhad ("BToto"), reported a lower revenue in the current quarter under review.

Marketing of consumer products and services

The motor distribution business reported a higher revenue compared to the preceding year corresponding quarter as the current quarter under review benefited from higher sales volume due to the launch of new car models with more advance technology which received favourable demand from the market. However, the retail distribution business reported a lower revenue in the current quarter under review mainly due to the results of the marketing initiatives launched in certain countries were below expectations.

Hotels and resorts

The hotels and resorts business reported higher room revenue in the current quarter under review.

Property investment and development

The property investment and development business contributed higher revenue as higher progress billings were recorded in the current quarter as compared to the previous year corresponding quarter.

Commentary on pre-tax profit

The Group's pre-tax profit for the current quarter was higher than previous year corresponding quarter. This increase in pre-tax profit came mainly from hotels and resorts segment and property investment and development segment.

Toto betting operations

The gaming business recorded an increase in pre-tax profit mainly due to lower prize pay-out in the current quarter under review.

Marketing of consumer products and services

The motor distribution business recorded a higher pre-tax profit mainly due to the higher sales volume. The retail distribution business incurred losses due to the unfavourable sales recorded in the more mature markets, high operating costs incurred, closing down of non performing stores and provision of slow moving stocks.

Hotels and resorts

The hotels and resorts business reported a higher pre-tax profit for the quarter under review mainly due to the gain recognised on disposal of a hotel property, Berjaya Singapore Hotel, of about RM94.7 million.

Property investment and development

The property investment and development business reported higher profit contribution from higher progress billings as compared to the previous year corresponding quarter.

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B2 Review of results of first quarter vs fourth quarter of the preceding financial year

For the quarter under review, the Group reported a revenue of RM2.02 billion which is about 1.6% lower than RM2.05 billion reported in the preceding quarter.

Commentary on revenue

Toto betting operations

The gaming business reported lower revenue mainly due to the traditionally higher sales during the Chinese Lunar New Year festive season in the preceding quarter, as well as having lower number of draws in the current quarter under review.

Marketing of consumer products and services

The motor distribution business reported a higher revenue in the current quarter due to higher sales of certain new car models which received overwhelming demand from the market. However, the retail distribution business reported a lower revenue in the current quarter under review.

Hotels and resorts

The hotels and resorts business reported higher room revenue in the current quarter under review.

Property investment and development

The property investment and development business reported lower progress billings in the current quarter under review as compared to the preceding quarter.

Commentary on pre-tax profit

The Group reported a higher pre-tax profit of RM261.04 million in the current quarter as compared to RM165.08 million in the preceding quarter. This increase in pre-tax profit came mainly from hotel and resorts segment.

Toto betting operations

The gaming business reported higher profit contribution arising from lower prize pay-out in the current quarter under review.

Marketing of consumer products and services

The motor distribution business recorded a lower pre-tax profit mainly due to the drop in their gross profit margin as a result of higher promotional expenses in this quarter under review.

Hotels and resorts

The hotels and resorts business reported a higher profit contribution in the current quarter under review mainly due to the gain on disposal of hotel property as mentioned above.

Property investment and development

The property investment and development business recorded a lower pre-tax profit mainly due to lower progress billings as compared to the preceding quarter.

B3 Future prospects

Given the Group's diverse businesses and the current economic outlook, the Directors are of the view that the Group's performance will be challenging in the remaining quarters of the financial year ending 30 April 2014.

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B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2013.

B5 The taxation charge for the current quarter ended 31 July 2013 are detailed as follows:

	Current Quarter RM'000
Based on the results for the period:-	
Current period provision	
- In Malaysia	80,530
- Outside Malaysia	22,154
Deferred tax	(607)
Under provision in prior years	94
	<u>102,171</u>

The disproportionate tax charge of the Group for the current quarter ended 31 July 2013 was mainly due to certain expenses or losses being disallowed for tax purposes and non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B6 Profit before tax is stated after charging/(crediting):

	Current Quarter RM'000
Interest income	(15,225)
Dividend income	(379)
Other income excluding dividend and interest income	(17,723)
Gain on disposal of properties	(95,511)
Depreciation of property, plant and equipment	46,738
Amortisation of intangible assets	3,881
Impairment loss on receivables	3,833
Impairment of value of AFS quoted investments	-
Provision for and write off of inventories	-
Foreign exchange (gain) or loss (net)	(15,436)
Gain or loss on derivatives	<u>-</u>

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B7 There has been no further developments for those corporate proposals disclosed in Notes 46 and 47 to the audited financial statements of the Company for the financial year ended 30 April 2013 except for the following:

- (a) Note 46(3) in relation to the proposed transfer of BToto's 100% equity interest in STM to a business trust to be constituted and registered in Singapore to be known as Sports Toto Malaysia Trust ("STM-Trust") and the proposed listing of up to 4.89 billion STM-Trust units on the Mainboard of the Singapore Exchange Securities Trading Limited
-

To date, BToto has announced that it had obtained the following approvals from the relevant authorities/parties:

<u>Relevant authorities/parties</u>	<u>Date of approval</u>
Ministry of Finance	27 July 2012
Controller of Foreign Exchange of Bank Negara Malaysia	24 August 2012
Holders of STM's Medium Term Notes	28 November 2012
Singapore Exchange Securities Trading Limited ("SGX-ST")	10 December 2012
Shareholders of BToto	12 December 2012
The Monetary Authority of Singapore	2 April 2013

SGX-ST has via its letter dated 8 March 2013 granted its approval for an extension of validity period of the conditional eligibility-to-list by 3 months to 10 June 2013.

On 25 March 2013, BToto announced that holders of the Medium Term Notes ("MTN Holders") had on 22 March 2013, approved the extension of the validity period of the MTN Holders' approval for the completion of the proposals for an additional sixty (60) days from 31 March 2013 to 31 May 2013.

Subsequently on 20 May 2013, BToto announced that due to the efflux of time, STM is required to prepare a fresh set of audited financial statements for inclusion in the prospectus and is actively engaging its auditors with the view to complete the audit for the financial year ended 30 April 2013 by end of June 2013. Based on the foregoing, BToto hopes to commence the process for the initial public offering by early July 2013 leading to the listing of STM-Trust on the SGX-ST by end August 2013.

The MTN Holders had on 29 May 2013 approved a further extension of the validity period for an additional six months from 31 May 2013 to 30 November 2013. A further extension of 3 months to 10 September 2013 was also granted by SGX-ST via its letter dated 10 June 2013.

On 13 June 2013, BToto announced that STM-Trust has been constituted in Singapore on even date by a declaration of trust by Sport Toto Malaysia Management Pte. Ltd., as trustee-manager of STM-Trust under a trust deed dated 13 June 2013.

On 17 June 2013, BToto announced that it had, on 15 June 2013, executed the conditional sale and purchase agreement with Berjaya Sports Toto (Cayman) Limited and Sports Toto Malaysia Management Pte Ltd, as trustee-manager of STM-Trust.

On 2 August 2013, BToto announced that an application to seek an extension of time of 6 months from 24 August 2013 until 23 February 2014 for BToto to implement the Proposed Transfer has been submitted to the Controller of Foreign Exchange of Bank Negara Malaysia ("CFEBNM") on even date. On 22 August 2013, BToto announced that the CFEBNM had, vide its letter dated 21 August 2013, granted its approval for the extension of time.

On 21 August 2013, BToto announced that it had on 20 August 2013 submitted an application to the SGX-ST to seek for a further extension of validity period of the conditional eligibility-to-list by an additional 3 months to 10 December 2013.

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On 19 September 2013, BToto announced that a revision of the terms of the Proposals as follows:

- (i) a revision of the breakdown of the consideration, in which (i) the issuance of 4.43 billion new units in STM-Trust to BSTC is revised to 4.37 billion new units in STM-Trust valued at the same issue price of SGD0.50 per STM- Trust Unit valued at about SGD2.18 billion (or about RM5.43 billion); and (ii) the value of the promissory note or bill of exchange in favour of BToto is revised to about SGD213.4 million (or about RM571.3 million); and
- (ii) the offer for sale of is revised to about 190 million STM -Trust Units from 540 million STM -Trust Units previously and the public offer is revised to up to 190 million STM-Trust Units from up to 460 million new STM-Trust units previously.

On 19 September 2013, BToto also announced that:

- (i) following the completion of the Proposed Listing on SGX-ST, STM-Trust intends to list its STM-Trust Units on the Main Market of Bursa Securities; and
- (ii) BToto intends to undertake a proposed dividend-in-specie of twenty one STM-Trust Units for every ten BToto shares held.

(b) Note 46(14) in relation to the proposed listing of Bermaz Motor Sdn Bhd

On 30 August 2013, the Company announced that the Shariah Advisory Council of the SC, vide its letter dated 30 August 2013, reaffirmed the classification of all the ordinary shares of BAUTO as Shariah-compliant securities based on its audited financial statements for the financial year ended 30 April 2013.

On 9 September 2013, the Company announced that it had on 6 September 2013, submitted an application to Bursa Securities for the admission to the official listing of the Main Market of Bursa Securities for the listing of the entire share capital of BAUTO and new ordinary shares to be issued pursuant to the employees' share option scheme.

On 18 September 2013, the Company announced that Bursa Securities has approved BAUTO's application for admission to the official listing of the Main Market of Bursa Securities for the listing of the entire share capital of BAUTO and new ordinary shares to be issued pursuant to the employees' share option scheme.

On 25 September 2013, the Company announced that shareholders approval has been obtained at an extraordinary meeting held on even date.

(c) Note 47(1) in relation to the cash offer for HR Owen shares

On 3 September 2013, BToto announced that BPI had on even date extended the offer by another 14 days to 16 September 2013 at the offer price of GBP1.30 per HR Owen share.

On 13 September 2013, BToto announced that BPI purchased 2,350,000 HR Owen shares at GBP1.70 per share. Consequently, BPI revised its offer price to GBP1.70 and further extended the offer to 27 September 2013.

On 24 September 2013, BToto announced that the BPI offer has become unconditional as BPI holds more than 50% equity interest in HR Owen. It is announced that BPI holds at least 11,844,944 HR Owen shares representing 50.16% equity interest. The offer has now been extended to 11 October 2013.

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B8 Group borrowings and debt securities as at 31 July 2013 were as follows:

				At end of current quarter RM'000
Short term borrowings				
Secured				
Foreign currency amount				
			'000	
Denominated in			#	
Ringgit Malaysia				1,637,087
USD	114,314		*	371,121
SGD	19,440		*	49,655
GBP	866		*	4,281
RMB	3,499		*	1,854
PHP	793,500		*	59,367
HKD	5,276		*	2,209
				<u>2,125,574</u>
Unsecured				
Denominated in				
Ringgit Malaysia				10,930
USD	4,000		*	12,986
				<u>23,916</u>
				2,149,490
Long term borrowings				
Secured				
Foreign currency amount				
			'000	
Denominated in			#	
Ringgit Malaysia				2,750,804
USD	42,608		*	138,326
GBP	2,600		*	12,861
RMB	48,488		*	25,694
PHP	400,000		*	29,929
				<u>2,957,614</u>
Unsecured				
Denominated in				
Ringgit Malaysia				1,261
RMB	106,371		*	56,366
				<u>57,627</u>
				3,015,241
Total bank borrowings				<u><u>5,164,731</u></u>
* Converted at the respective exchange rate prevailing as at 31 July 2013				
# Includes medium term notes				
- short term				195,000
- long term				495,000
				<u><u>690,000</u></u>

B9 There is no change in material litigation since the last annual reporting date up to the date of this announcement.

B10 The Board does not recommend any dividend for the current quarter under review (previous year corresponding quarter ended 31 July 2012: Nil).

In the previous financial year, the Board recommended a final dividend of 1% single-tier exempt dividend per share in respect of the financial year ended 30 April 2013 for the approval of shareholders at the forthcoming Annual General Meeting.

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

	Group (3-month period)			
	31/07/2013	31/07/2012	31/07/2013	31/07/2012
	RM'000		sen	
Net profit for the quarter	53,433	28,022		
Impact on income statement upon conversion of ICULS				
- BCorp ICULS 1	-	-		
- BCorp ICULS 2	3,882	4,201		
Adjusted net earnings for the quarter	<u>57,315</u>	<u>32,223</u>		
Weighted average number of ordinary shares in issue with voting rights ('000)	4,211,557	4,208,488		
Weighted average number of shares to be issued upon conversion of mandatorily convertible ICULS ('000)	<u>869,926</u>	<u>880,966</u>		
Number of shares used in the calculation of basic earnings per share ('000)	<u>5,081,483</u>	<u>5,089,454</u>		
Basic earnings per share			<u>1.13</u>	<u>0.63</u>
Adjusted net earnings for the quarter	57,315	32,223		
Dilution effect on conversion of TMC Life Sciences Berhad warrants	(3)	-		
Dilution effect on conversion of Silver Bird Group Berhad warrants	-	(26)		
Dilution effect on conversion of Berjaya Food Berhad share options	(41)	-		
Impact on income statement upon conversion of BCorp ICULS 3	2,754	-		
	<u>60,025</u>	<u>32,197</u>		
Number of shares used in the calculation of basic earnings per share ('000)	5,081,483	5,089,454		
Number of shares assuming conversion of BCorp ICULS 3 ('000)	<u>170,000</u>	<u>-</u>		
Adjusted number of shares used in the calculation of diluted earnings per share ('000)	<u>5,251,483</u>	<u>5,089,454</u>		
Diluted earnings per share			<u>+</u>	<u>0.63</u>

Note:

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

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

	As at 31/07/2013 RM'000	As at 30/04/2013 RM'000 (Audited)
Total retained earnings of the Company and its subsidiaries:		
- realised	1,717,336	1,507,441
- unrealised	<u>200,237</u>	<u>178,195</u>
	1,917,573	1,685,636
Share of results from associated companies	*	103,127
Share of results from jointly controlled entities	*	<u>(120,743)</u>
	1,923,629	1,668,020
Less: Consolidation adjustments	<u>(679,811)</u>	<u>(477,742)</u>
Total group retained earnings as per consolidated accounts	<u><u>1,243,818</u></u>	<u><u>1,190,278</u></u>

Note:

- * It is not practical to segregate the share of results from associated companies and jointly controlled entities to realised and unrealised earnings.