



BERJAYA
BERJAYA ASSETS BERHAD

[Company No. 3907-W]



ANNUAL REPORT 2016



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Central Park, Berjaya Times Square, Kuala Lumpur



Berjaya Times Square Theme Park



NASB's Special Cash Sweep sales outlet



Greyhound Café

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman/ Independent

Non-Executive Director

YAM Tunku Dato' Seri

**Shahabuddin Bin Tunku
Besar Burhanuddin**

Executive Directors

Datuk Wira Lye Ek Seang

Morvin Tan U-Jiang

*Non-Independent Non-Executive
Directors*

Chan Kien Sing

Lim Meng Kwong

*Independent Non-Executive
Directors*

Datuk Robert Yong Kuen Loke

Heng Kiah Choong

Dato' Mohd Salleh Bin Ahmad

AUDIT AND RISK MANAGEMENT COMMITTEE

Heng Kiah Choong (*Chairman*)

Chan Kien Sing

Dato' Mohd Salleh Bin Ahmad

NOMINATION COMMITTEE

YAM Tunku Dato' Seri

Shahabuddin Bin Tunku

Besar Burhanuddin (*Chairman*)

Heng Kiah Choong

Dato' Mohd Salleh Bin Ahmad

REMUNERATION COMMITTEE

YAM Tunku Dato' Seri

Shahabuddin Bin Tunku

Besar Burhanuddin (*Chairman*)

Heng Kiah Choong

Dato' Mohd Salleh Bin Ahmad

SECRETARIES

Su Swee Hong

(MAICSA No. 0776729)

Wong Siew Guek

(MAICSA No. 7042922)

SHARE REGISTRAR

Berjaya Registration Services Sdn
Bhd

Lot 06-03, Level 6 (East Wing)

Berjaya Times Square

No. 1 Jalan Imbi,

55100 Kuala Lumpur

Tel : 03 - 2145 0533

Fax : 03 - 2145 9702

AUDITORS

Deloitte (AF 0080)

Chartered Accountants

Level 16, Menara LGB

1 Jalan Wan Kadir

Taman Tun Dr. Ismail

60000 Kuala Lumpur

REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)

Berjaya Times Square

No. 1 Jalan Imbi,

55100 Kuala Lumpur

Tel : 03 - 2149 1999

Fax : 03 - 2143 1685

PRINCIPAL BANKERS

Malayan Banking Berhad

AmBank (M) Berhad

Hong Leong Bank Berhad

CIMB Bank Berhad

United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

STOCK SHORT NAME

BJASSET (3239)

PLACE OF INCORPORATION AND DOMICILE

Malaysia



Berjaya Waterfront Hotel, Johor Bahru

PROFILE OF DIRECTORS



YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN D.K, S.P.T.J., AO (AUSTRALIA)

81 years of age, Malaysian, Male
Chairman
Independent Non-Executive Director

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin was appointed to the Board as Chairman on 3 August 2009. He graduated with a Bachelor of Science (Economics) from Queens University of Belfast, Northern Ireland.

He began his career with Esso Malaysia Limited as an economic analyst and moved on as a Finance Manager in one of the finance company within Malayan Banking Group. Currently he is the Executive Chairman and co-founder of Strateq Group which is a leading technology provider offering scalable integrated solutions that has been instrumentally localised and expanding to countries in the Asia Pacific Region.

Amongst the accolades bestowed on Tunku are "Darjah Kerabat Terengganu Yang Amat Mulia Darjah Yang Pertama (D.K.)" by his Royal Highness the Sultan of Terengganu, DYMM Sultan Ismail Nasiruddin Shah; "Darjah Seri Paduka Tuanku Ja'afar Yang Amat Terpuji (S.P.T.J)" awarded by His Royal Highness The Yang Di-Pertuan Besar Negeri Sembilan, DYMM Tuanku Ja'afar; "Honorary Officer (AO) in the General Division of the Order of Australia" for his service to Australian-Malaysian relations awarded by the Governor-General of the Commonwealth of Australia; and "Austrade International Award 2000" for outstanding contribution to Australia's international trading performance by a foreign individual based outside Australia.

Tunku is the Vice Chairman of Iris Corporation Berhad, a MSC Status company listed on the ACE Market of Bursa Malaysia Securities Berhad and involved in the business of technology consulting, implementation of digital identity and business solutions. He is a Director of Axis Reit Managers Berhad and several other private limited companies.

Tunku is the Chairman of the Nomination Committee and the Remuneration Committee.



DATUK WIRA LYE EK SEANG

51 years of age, Malaysian, Male
Executive Director

He was appointed to the Board as Independent Non-Executive Director on 19 April 2012. On 8 January 2013, he was appointed as an Executive Director of the Company.

He is the founding member of Sunzi Association of Malaysia. He holds a Bachelor of Science (Hons) degree in Mathematics from the University of Malaya. While in University of Malaya, he was "The Sportsman of the Year" in 1989, founder and instructor of Persatuan Taekwondo (WTF) University of Malaya. He joined the Rejimen Askar Wataniah (Reserved Officer Training Unit-ROTU) and was commissioned as Second Lieutenant by Duli Yang Maha Mulia Seri Paduka Baginda Yang Dipertuan Agong on 15 June 1989.

He was a Non-Independent Non-Executive Director and Audit Committee Member of Magna Prima Berhad from 16 July 2007 to 24 June 2009. He was also a Non-Independent Non-Executive Director of Ho Hup Construction Company Berhad from August 2008 and re-designated as Deputy Executive Chairman from December 2008 until March 2010. He had also previously served on the Boards of Redtone International Berhad and Minetech Resources Berhad as a Non-Independent and Non-Executive Director. He resigned from the Boards of these companies in March 2016 and January 2014 respectively.

Currently, he is an Executive Director of Berjaya Times Square Sdn Bhd and a Director of Cardiff City Football Club. He is also a Trustee of Tropicana Foundation and sits on the Board of several other private limited companies involved in manufacturing, television program production and distribution, biotechnology and property development.

PROFILE OF DIRECTORS



MORVIN TAN U-JIANG

26 years of age, Malaysian, Male
Executive Director

He was appointed to the Board as an Executive Director on 1 September 2016. He graduated with a Bachelor of Science Degree in Management with International Business from Royal Holloway, University of London, United Kingdom in 2014.

Prior to his completion of his studies, he served as a personal assistant to his father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, a major shareholder of the Company, assisting him in various projects for a period of 2 years, from 2008 to 2010.

Currently, he is a General Manager in Berjaya Philippines Inc., a subsidiary company of Berjaya Sports Toto Berhad, listed on the Philippine Stock Exchange. He is also the Chief Operating Officer of Berjaya Times Square Sdn Bhd and President of Louis Leeman (USA) Inc., an international luxury footwear company. He also holds directorships in several other private limited companies.

He is a son of Tan Sri Dato' Seri Vincent Tan Chee Yioun, a major shareholder of the Company.



CHAN KIEN SING

60 years of age, Malaysian, Male
Non-Independent Non-Executive Director

He was appointed to the Board on 9 April 2001. He is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Having articulated with Messrs Peat Marwick Mitchell (now known as KPMG) from 1975 to 1981, he subsequently joined Arab-Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad) specialising in corporate finance until 1989 when he joined Berjaya Group Berhad.

Currently, he is an Executive Director of Berjaya Corporation Berhad, Berjaya Sports Toto Berhad and Berjaya Media Berhad. He is also the Managing Director of Sun Media Corporation Sdn Bhd and a Director of 7-Eleven Malaysia Holdings Berhad, Berjaya Capital Berhad, Berjaya Vacation Club Berhad, Berjaya Group Berhad and International Lottery & Totalizator Systems Inc, United States of America. He also holds directorships in several other private limited companies.

He is a member of the Audit and Risk Management Committee.

PROFILE OF DIRECTORS



LIM MENG KWONG

63 years of age, Malaysian, Male
Non-Independent Non-Executive Director

He was appointed to the Board on 7 May 2003. He is a member of Malaysian Institute of Accountants and holds a Master's degree in Business Administration from the Cranfield Institute of Management, United Kingdom.

Currently, he is a Special Projects Director in Berjaya Corporation Berhad. He was previously the head of the Group Investment Division of Berjaya Corporation Berhad holding the position as Senior General Manager. He was also the President of Berjaya Philippines Inc. and had recently resigned from the Board of Berjaya Philippines Inc. in June 2016. Prior to joining Berjaya Corporation Berhad, he was working in the Corporate Finance Division in a leading local merchant bank and has working experience in finance and audit, both in Malaysia and the United Kingdom.

He holds directorships in various subsidiaries of Berjaya Assets Berhad and Berjaya Corporation Berhad.



DATUK ROBERT YONG KUEN LOKE

64 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 9 April 2001. He is a Fellow member of The Institute of Chartered Accountants in England and Wales and a member of The Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants. He is also a Council Member of Malaysian Institute of Certified Public Accountants and presently serves as a member of its Executive Committee. He has many years of working experience in the fields of accounting, audit, treasury and financial management. He started his career in London in 1973 and worked for more than five years with chartered accounting firms. Subsequently, he was with Price Waterhouse, Singapore from 1979 to 1982. From 1983 to 1986, he served as the Group Finance Manager in UMW Holdings Berhad and Group Treasurer in Edaran Otomobil Nasional Bhd. He joined Berjaya Group of Companies in 1987 until his retirement as an Executive Director on 30 November 2007 and is currently an Independent Non-Executive Director of the Company.

He is also a Director of Berjaya Corporation Berhad, Berjaya Land Berhad and Berjaya Sports Toto Berhad.

PROFILE OF DIRECTORS



HENG KIAH CHOONG

67 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 27 February 2001. He started his sports-related business upon completion of his secondary education in 1966. Currently, he is the Managing Director of Sai (M) Sdn Bhd, overseeing the overall management of the graphic design and Sports Event Management departments. He has extensive interest in sports-related business and activities. He is currently the Deputy President of Kuala Lumpur Tenpin Bowling Association and the Chairman of the Rehabilitation and Recreation for the Disabled, Selangor. His company is the marketing representative of the International Sepak Takraw Federation responsible in the marketing and promotion of sepak takraw and distribution of sepak takraw equipment.

He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee and the Remuneration Committee.



DATO' MOHD SALLEH BIN AHMAD

74 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 28 March 2005. He graduated with a degree in Bachelor of Arts (Second Class Honours), University of Malaya. He began his career with the Ministry of Finance as Assistant Secretary in 1966. He was promoted to Principal Assistant Secretary in 1969 and was the Deputy Head of Division prior to his departure in 1988. Thereafter, he joined the Ministry of Defence and was the Director of Establishment and Services. He was appointed as the Chief Executive Officer of Koperasi Serbaguna Anak-Anak Selangor Berhad (KOSAS) in 1991 until January 2005. He also holds directorships in several private limited companies.

He is a member of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee.

Save as disclosed, none of the Directors have:-

1. Any family relationship with any directors and/or major shareholders of the Company;
2. Any conflict of interest with the Company;
3. Any convictions for offences within the past 5 years other than traffic offences; and
4. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

64 years of age, Malaysian, Male
Executive Chairman, Berjaya Times Square Sdn Bhd

He is an entrepreneur with diverse interests in property development and investment, gaming, stockbroking, manufacturing, retailing, trading, hospitality, internet-related businesses, environmental and utilities, media, food and beverage, telecommunications, insurance and education through various public and private companies, namely Berjaya Corporation group of companies, Berjaya Media Berhad, Berjaya Assets Berhad ("BAssets"), 7-Eleven Malaysia Holdings Berhad, Berjaya Retail Berhad, Cosway Corporation Limited, Informatics Education Ltd, Intan Utilities Berhad, U Mobile Sdn Bhd and MOL Ventures Pte Ltd.

Currently, he is the Executive Chairman of Berjaya Times Square Sdn Bhd ("BTSSB") and Chairman of U Mobile Sdn Bhd. He is also the Managing Director/Chief Executive Officer of Sports Toto Malaysia Sdn Bhd. He also holds directorships in several other private limited companies.

He is the father of Morvin Tan U-Jiang who is a member of the Board; and is also the father of Chryseis Tan Sheik Ling.

CHRYSEIS TAN SHEIK LING

28 years of age, Malaysian, Female
Chief Executive Officer, Berjaya Times Square Sdn Bhd

She was previously an Executive Director of BTSSB from September 2013 to April 2015 and is currently the Chief Executive Officer of BTSSB.

She graduated with a Bachelor of Arts in Liberal International Studies from Waseda University, Tokyo in 2012. She also did an exchange programme in Accounting and Finance in London School of Economics, United Kingdom for a year in 2010.

Currently, she is a Director of Berjaya Assets Food (BAF) Sdn Bhd, a subsidiary of BAssets and a Director and Chairman of Natural Avenue Sdn Bhd ("NASB"). Furthermore, she is an Executive Director of Berjaya Land Berhad and the Head of Marketing for Four Seasons Hotel and Hotel Residences Kyoto, Japan.

Her brother, Morvin Tan U-Jiang is a member of the Board; and she is also the daughter of Tan Sri Dato' Seri Vincent Tan Chee Yioun.

**KEY
SENIOR MANAGEMENT****KOH HUEY MIN**

51 years of age, Malaysian, Female
Executive Director, Berjaya Times Square Sdn Bhd

She is a fellow member of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants. She has more than 26 years of experience in the finance, accounting, tax, treasury fields, marketing, business development and shopping complex operations. Prior to joining BTSSB, she was attached to PricewaterhouseCoopers for two years and subsequent to that, worked in Hong Leong Group of companies for four years as an Assistant Accountant and subsequently promoted to Accountant. She joined BTSSB as a Finance Manager in January 1995 and headed the Finance and Administration department, responsible for the overall finance, accounting, tax, treasury and general administration functions of BTSSB.

She was promoted to Senior Finance Manager in April 2000, and Deputy General Manager - Finance in January 2004. In January 2006, she was promoted to General Manager - Finance, and to Senior General Manager of BTSSB in December 2009. She was appointed as an Executive Director of BTSSB on 8 January 2013 and heads the Berjaya Times Square Group.

JACKSON LIM KIM BOON

58 years of age, Malaysian, Male
General Manager, Natural Avenue Sdn Bhd

He graduated with a Bachelor of Social Science degree from University Science Malaysia in 1982 and a United States Sports Academy Sports Administration Diploma in 1988.

He started his sports-related career as the first Sarawak Sports Officer in the Ministry of Culture, Youth and Sports in 1984. In 1989, he was appointed as the first Director of the Sarawak State Sports Council. His scope of work covered the formation of the council structure, staffing and formulation of strategies to develop sports to the highest level.

In 1997, he joined the National Sports Council as the Director of International Preparation, overseeing strategic planning and implementation of national elite sports programmes which prepare elite athletes to compete in South East Asia ("SEA") Games, Asian Games, Commonwealth Games and Olympic Games, amongst other international championships. From 1999 to 2003, he was the General Manager for Kelab Golf Sarawak and was tasked with raising sufficient funds to redevelop the 18-hole golf course and renovate the entire club house.

He started his career with NASB on 18 August 2003 as the General Manager overseeing the operation of NASB, which holds the exclusive rights to conduct and operate the number forecast lottery in Sarawak. He has approximately 20 years of experience in the management and administration of sports institutions at the state and national levels prior to his designation with NASB.

Save as disclosed, none of the Key Senior Management have:-

1. Any directorship in public companies and listed issuers;
2. Any family relationship with any directors and/or major shareholders of the Company;
3. Any conflict of interest with the Company;
4. Any conviction for offences within the past 5 years other than traffic offences; and
5. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT



laollao frozen yoghurt is made from skimmed milk with seasonal natural ingredients and the finest toppings.



LOL offers affordable fashionable apparels including shoes and accessories for men, women and children.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Berjaya Assets Berhad (“BAssets”) for the financial year ended 30 June 2016.

FINANCIAL RESULTS

For the financial year ended 30 June 2016, the Group registered a revenue of RM387.1 million compared to a revenue of RM412.0 million reported in the previous financial year. The drop in revenue was mainly due to lower revenue generated from Natural Avenue Sdn Bhd (“NASB”) which was impacted by rampant illegal gaming activities and fewer draws and lower revenue from the hotel and recreation business segment which reported lower average room rates and lower theme park ticket sales. The aforementioned was partly mitigated by higher rental income from the property development and property investment business segment and the food and beverage revenue from the opening of the first Greyhound Café since 1 March 2016.

The Group registered a pre-tax loss of RM27.6 million as compared to a pre-tax profit of RM108.1 million in the previous financial year due to the impact of non-cash impairment of goodwill, higher operating expenses incurred by the property development and property investment business segment and hotel and recreation business segment, and higher finance costs.

Despite reporting lower revenue, the profit contribution from NASB was 2% higher than the previous financial year primarily due to lower prize payout. Moreover, in the previous financial year, the Group benefitted from a higher gain on disposal of certain quoted shares and investment properties.

DIVIDEND

The Board do not recommend any dividend to be paid for the financial year under review.

SIGNIFICANT CORPORATE DEVELOPMENTS

- On 18 December 2015, BAssets announced that it has entered into a share sale agreement for the acquisition of the remaining 20% equity interest in its subsidiary, Berjaya Times Square Sdn Bhd (“BTSSB”) from D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj for a cash consideration of RM250.0 million. Following the completion of the acquisition, BTSSB is now a 100%-owned subsidiary of BAssets.
- On 21 June 2016, BAssets announced that its wholly-owned subsidiary, Aroma Kiara Sdn Bhd has entered into a share purchase agreement with Oriental Holdings Berhad, Oriental Rubber & Palm Oil Sdn Berhad, Dato’ Syed Mohamad bin Syed Murtaza and Dato’ Seri Haji Md Isahak bin Md. Yusuf for the proposed acquisition of a total of 100% equity interest comprising 36.0 million ordinary shares of RM1.00 each in Oriental Assemblers Sdn Bhd (“OASB”), for a total cash consideration of RM32.5 million. The principal activities of OASB are vehicle assembly, manufacturing and sales of engines and transmissions.

3. On 12 July 2016, BAssets announced that its wholly-owned subsidiary, Tropicfair Sdn Bhd entered into a share sale agreement for the proposed acquisition of the remaining 50% equity interest in Megaquest Sdn Bhd ("MQSB") from Violet Circle Sdn Bhd for a cash consideration of RM108.0 million.

MQSB currently holds 70% equity interest in NASB, while the balance 30% stake are held directly by three other wholly-owned subsidiaries of BAssets. NASB is the operator of the gaming business segment in Sarawak and upon completion of the proposed acquisition, the effective equity interest of the Group in NASB will increase from 65% to 100%, thereby making NASB a 100% subsidiary of the Group.

PROPERTY INVESTMENT AND DEVELOPMENT

Berjaya Times Square, Kuala Lumpur

BTSSB is the principal subsidiary of BAssets that owns and manages the Berjaya Times Square ("BTS") mall in Kuala Lumpur. BTS is acknowledged as Malaysia's largest inner-city shopping cum leisure mall with a gross built-up area of 7.5 million square feet on a 10-acre piece of land. An international landmark that is very popular amongst tourists as well as middle income and mass markets, BTS comprises a 12-level shopping mall, two 46-storey towers of service suites and hotel, 2 levels of hotel floors, 3 levels of office floors, 5 levels of basement and 10 floors of annexed car parks.

Entering its thirteenth year of operations, BTS had maintained an occupancy rate of 84% as at 30 June 2016.

Averaging 2.5 million visitors a month, the 12-level stratified shopping mall which measures approximately 3.5 million square feet houses:

- More than 1,000 units of strategically selected retail shops and food and beverage outlets;
- Berjaya Times Square Theme Park which is Malaysia's largest indoor theme park with 14 major rides and attractions;
- The IT Centre covering 34,090 square feet and catering to all modern digital lifestyle needs;
- The 9-screen Golden Screen Cinemas (GSC);
- GSC Maxx, Malaysia's largest digital hall with a seating capacity of 555;
- Ampang Superbowl - one of the largest bowling centres in the country with 48 lanes;
- Taste of Asia Food Court at Lower Ground Floor, and Lifestyle Food Channel at 4th Floor Central;
- Central Park, the shopping district at 3rd Floor Central consisting of 40 lifestyle boutiques and notable lifestyle brands in a landscaped area measuring 5,000 square feet;
- Tiny Taipei, the shopping district at 3rd Floor East measuring 6,459 square feet. It is home to 43 small lots that host a variety of novelties, and 7 kiosks serving street food and snacks; and
- 2nd Floor East, a brand new area comprising a mix of chic retailers and a food haven of international cuisines.

BTS is the Guinness World Records™ holder for the World's Largest Capsule Vending Machine, and in 2015, won recognition by the Malaysia Book of Records™ for Most Number of Pledges Collected in a Christmas Season Charity Campaign. Since its inception, BTS has garnered over thirteen records from Malaysia Book of Records™ and one from Guinness World Records™.



Hokkaido Baked Cheese Tart bakes their tarts daily at the outlet to ensure freshness and perfection.



La Juiceria offers handcrafted cold-pressed juices that are raw, unpasteurized from 100% pure fruits and vegetables.

CHAIRMAN'S STATEMENT

BTS added to its array of cuisine options at the Lower Ground Floor, where shoppers can now savour a wide assortment of classic local delicacies at Nyonya Colors, tasty healthy living options at La Juiceria and Ilaollao or indulge in delectable treats at Madame Waffle and Hokkaido Baked Cheese Tart. In addition, at the 1st Floor Monorail entrance, Fullhouse Egglet opened for business to the delight of shoppers anticipating the popular egg-based waffle that was made popular in Hong Kong. With the opening of Hero Market at the start of 2016, BTS further strengthened its position as the mall to visit for fun, convenience and leisure. New branded fast fashion stores such as LOL and Good2U as well as Yubiso, a fashionable home lifestyle accessory store has been added to the variety of shops in BTS. For a wide selection of Asian and international cuisine, shoppers can head to Taste of Asia at Lower Ground Floor, or the revamped Lifestyle Food Channel at 4th Floor Central.



Berjaya Waterfront Hotel, Johor Bahru.

Berjaya Waterfront, Johor Bahru

In Johor Bahru, Berjaya Waterfront (“BWaterfront”) is located strategically within the government-sanctioned Iskandar Economic Zone, featuring 18 acres of duty free zone which includes a 12-level hotel, a 4-storey shopping centre podium with a basement, and annexed with a 6-level car park catering to an assortment of retail, entertainment, dining and recreation options.

BWaterfront has completed several phases of its on-going works to upgrade its facilities and services. The mall stands iconically at Stulang Laut, bringing an air of elegance to all who berth at its port. The RM3 million refurbishment of its amenities and interiors has been completed on schedule in November 2015. These improvements have enhanced the overall outlook of the mall and have brought in more

events and tenants through its doors. Paired with strategic marketing and promotions activities, BWaterfront is set to excite its shoppers with a whole new shopping experience for those on the go.

During the financial year under review, BWaterfront was selected by The Geoventure Restaurant & Bar as one of the key malls to open its award-winning food and beverage establishment which showcases a tasteful selection of unique beverages from all around the world.

The BWaterfront Ferry Terminal is also one of the busiest international entry points for travellers from Indonesia for leisure, business or even medical treatment. As the ferry services take only 90 minutes to Harbour Bay and Batam Centre at Batam Island, and 150 minutes to Bintan Island at an affordable fee, BWaterfront Ferry Terminal remains the top choice for local and foreign travellers. The ferries are spacious, fully air-conditioned and meet international safety requirements.

BWaterfront Hotel is ideally situated with a mere 5-minute drive from the main causeway link to Singapore. Boasting 400 rooms and suites and one of the largest MICE (“Meeting, Incentive, Conference and Exhibition”) facilities in the southern region, the hotel provides convenient access to Iskandar Malaysia, the southern development corridor – famed for its tourist attractions such as Legoland Malaysia, Puteri Harbour Family Theme Park and Johor Premium Outlets.

Menara MSC Cyberport, Johor Bahru

Located in Johor Bahru, Menara MSC Cyberport is the first MSC Malaysia Cybercentre in Southern Malaysia with an ISO 9001:2000 certification. There are 76 units of office properties amounting to approximately 282,373 square feet within the building, which is located at Jalan Bukit Meldrum in Tanjung Puteri in the heart of Johor Bahru city centre. Furthermore, it is also located next to the Causeway connecting Malaysia to Singapore and just right opposite the new Customs, Immigration & Quarantine (CIQ) complex. This acquisition was a move to expand the Company’s property portfolio and to further enhance its presence in the emerging economic hub of Johor. The current occupancy rate is at 72%.

GAMING

Natural Avenue Sdn Bhd

NASB, the exclusive agent for Sarawak Turf Club’s Special Cash Sweep Number Forecast Lotteries has been in operation for the last 21 years. The principal activities of

CHAIRMAN'S STATEMENT

NASB are the operation, promotion and management of the 1+3D Big/Small, I-Cash and 3D Big series games in Sarawak with three draws a week. NASB currently has three regional offices and 74 sales outlets.

FOOD & BEVERAGE

Berjaya Assets Food (BAF) Sdn Bhd ("BAF")

BAF obtained a licence agreement with Greyhound Café Co Ltd for exclusive rights to establish and operate cafes under the trademark 'Greyhound Café' in Malaysia. Greyhound Café features a modern and trendy ambience with a specialised menu of simple and easy Thai food with creative twist. The first Greyhound Café restaurant was opened on 1 March 2016 at ANSA Kuala Lumpur.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

BTS has been socially active in 2015, working with reputable and community changing organisations that help improve the lives of the less fortunate. During the 1Malaysia Mega Sale Shopping Carnival 2015, BTS worked with National Cancer Society Malaysia ("NCSM") to raise funds for NCSM Children's Home of Hope through BTS' Mega Sale Campaign 'A Bag For A Cause'. The campaign successfully raised RM20,000 and all proceeds were donated to NCSM. For Christmas 2015, BTS partnered with Make-A-Wish Malaysia by donating another RM20,000 to the foundation that brings hope and joy to children facing life-threatening illnesses. BTS also supported local community events such as the Berjaya Youth Stop Hunger Now Meal Packing Event, Berjaya Youth "Wild About Arts!" Exhibition, 20th International English Chess and 4th Chinese Chess Competition for the Disabled, "Light for the Soul - Love be together" - Musical Show Press Conference and Make-A-Wish wish granting events, to name a few.

During the financial year under review, NASB started off their numerous CSR activities with their annual contribution of RM300,000 to Sarawak Turf Club Kidney Foundation which provides financial assistance to kidney patients undergoing dialysis at their centres located throughout the state.

In conjunction with Chinese New Year, NASB hosted 800 residents from 28 charitable organisations from the whole state in the Annual CASH Charity event in Kuching where they were entertained by local performers, served with a sumptuous lunch and given ang paws.

NASB also sponsored the Kuching CASHSWEEP Martial Arts Performance held during the Kuching Festival



NASB's Special Cash Sweep sales outlet at Bintulu.



Greyhound Café restaurant at ANSA Kuala Lumpur.



BTS raised RM20,000 for National Cancer Society Malaysia's Children's Home of Hope through its mega sale campaign 'A Bag For A Cause'.

celebration which was hosted by the Kuching South City Council. The event saw more than 1,500 martial arts exponents from various races, cultures and religions of the state. The Kuching Festival which lasted for a month recorded more than 500,000 visitors.

NASB supported the popular Padawan Raft Safari which was hosted by the Padawan Municipal Council. More than 1,200 local and international participants took part in the event.

CHAIRMAN'S STATEMENT



BTS was the venue sponsor for Berjaya Youth's "Wild About Arts!" Exhibition.



NASB sponsored RM30,000 for the Kuching CASHSWEEP Martial Arts Performance during the Kuching Festival 2016.



NASB's annual CASH Charity Event in Kuching.

In addition to the above-mentioned CSR activities, NASB also supported numerous local, cultural, social and sporting activities that were held in the state.

FUTURE OUTLOOK

The implementation of the Goods and Services Tax ("GST"), the continued poor crude oil prices and the weakening of the Malaysian Ringgit have affected the Malaysian economy. Despite the challenging economic environment, the property investment, hotel and related businesses

operated by BTSSB group, the gaming business operated by NASB and the food and beverage business by BAF are expected to sustain their business operations and further improve their occupancy rates and market share respectively, going forward. The Directors envisage that the operating performance of the Group for the financial year ending 30 June 2017 will be challenging.

APPRECIATION

On behalf of the Board, I would like to express our sincere thanks and appreciation to Mr Tan Thiam Chai who resigned as an Executive Director and Dato' Dickson Tan Yong Loong who resigned as a Non-Independent Non-Executive Director with effect from 31 May 2016 for their past contributions and support to the Board throughout the years.

I would also like to welcome Mr Morvin Tan U-Jiang who was appointed to the Board as an Executive Director on 1 September 2016.

I also wish to take this opportunity to express my appreciation to the management, employees and agents for their commitment and dedication throughout the year.

Last but not least, my gratitude to my fellow colleagues on the Board for their active participation and contribution in the Board and I look forward to their continuous support for the next financial year 2017.

YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN

Chairman

5 October 2016

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Berjaya Assets Berhad (“BAssets”) and its subsidiary companies operate in three major operating business segments, i.e. property investment and development, gaming and food and beverage business segments.

PERFORMANCE REVIEW BY BUSINESS SEGMENTS

PROPERTY INVESTMENT AND DEVELOPMENT

Revenue

For the financial year ended 30 June 2016, Berjaya Times Square Sdn Bhd (“BTSSB”) group’s revenue increased by 1.7% to RM179.5 million from RM176.5 million in the previous financial year. The increase in revenue was mainly due to higher revenue achieved by Berjaya Waterfront (“BWaterfront”) mall and full year rental income received by Menara MSC Cyberport as compared to only one month rental income recorded in the previous financial year as the property was bought in June 2015.

Profit Before Tax

For the financial year under review, BTSSB group recorded a profit before tax of RM38.4 million compared to RM64.9 million in the previous financial year. The decrease in profit before tax was mainly due to an increase in administrative and operating costs, provision for doubtful debts and increase in finance costs. The Group also reported a lower favourable fair value changes and gain on disposal of investment properties in the financial year under review.

Prospects

Despite a challenging economy environment and competition from the emerging new shopping malls within its vicinity, BTSSB is endeavoured to improve its Berjaya Times Square mall’s occupancy rate and its rental revenue. More creative promotional events and activities will be created to maintain the footfall of the mall. Going forward, BTSSB group’s malls will continue to implement innovative marketing strategies and exciting promotional activities in an effort to strengthen their market presence.

GAMING

Revenue

For the financial year ended 30 June 2016, NASB recorded revenue of RM190.2 million compared to the previous year’s revenue of RM224.7 million. NASB’s revenue has been stated net of Gaming Tax as well as Goods and Services Tax (“GST”) on gaming supply introduced by the Royal Malaysian Customs on 1 April 2015. The decrease of 15.4% in revenue was mainly due to the implementation of GST on gaming supply for the full twelve months in the financial year ended 30 June 2016, compared to only three months for the previous financial year ended 30 June 2015. Setting aside the GST impact, the decrease in revenue would be 14.3% compared to the previous financial year ended 30 June 2015. Other contributors to the lower revenue were lower draw sales as a result of increasing illegal 4D gaming activities, cyber gaming and rising costs resulting from difficult economic conditions which continue to dampen consumer spending in the state of Sarawak.

Profit Before Tax

NASB’s profit before tax increased by 1.7% to RM18.2 million compared to RM17.9 million in the previous financial year mainly due to lower prize payout.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit After Tax

Profit after tax increased by 1.5% to RM13.5 million compared to RM13.3 million in the previous financial year. The higher profit after tax was mainly due to lower prize payout.

Prospects

NASB foresees the number forecast operators (NFO) business to be challenging for the next financial year ending 30 June 2017 due to the impact of rampant illegal gaming activities, implementation of GST and rising cost of living which will continue to affect the spending power of consumers. However, NASB will continue to organise more aggressive marketing promotions and public relations initiative to maintain sales performance. NASB will also strategically relocate its sales outlets in order to capture a wider customer base.

FOOD & BEVERAGE

Revenue

For the 4-month financial period ended 30 June 2016, Berjaya Assets Food (BAF) Sdn Bhd ("BAF") recorded a revenue of RM2.2 million since the opening of the first Greyhound Café restaurant in March 2016 at ANSA Kuala Lumpur.

Loss Before Tax

For the financial period under review, BAF incurred a loss before tax of RM1.5 million mainly due to pre-operating, administrative and operating expenses, coupled with only four months' revenue generated from the restaurant business since the start-up of the Greyhound Café restaurant on 1 March 2016.

Prospects

With the encouraging response towards its food and beverage offerings at its first Greyhound Café restaurant in ANSA Kuala Lumpur, BAF plans to open its second Greyhound Café restaurant at MidValley Megamall in year 2017. The Greyhound Café in ANSA Kuala Lumpur launched a new breakfast menu in September 2016 and tied in with ANSA Kuala Lumpur for its hotel guests.

Going forward, BAF will continue to strive for higher growth by targeting to open a total of 6 Greyhound Café restaurants within the next five years. BAF will focus on creating its own niche market within the food and beverage segment with its special menu offerings and trendy ambience. The quality of its food and beverages will be constantly reviewed to ensure compliance with the quality standard set by the licensor and at the same time, to resonate with customer demands.

CORPORATE STRUCTURE

OF MAIN OPERATING COMPANIES AS AT 12 OCTOBER 2016



++ Combined Interest

GROUP FINANCIAL HIGHLIGHTS

Description	12 months ended	12 months ended	12 months ended	12 months ended	14 months ended
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Revenue	387,092	411,945	419,426	361,651	331,370
(Loss)/Profit Before Tax	(27,599)	108,107	121,699	70,841	201,309
(Loss)/Profit For The Year/Period	(46,734)	83,977	50,599	52,887	183,224
(Loss)/Profit Attributable					
To Owners Of The Parent	(54,122)	72,711	45,341	45,819	177,290
Share Capital	1,113,042	1,113,042	1,113,042	1,113,042	1,113,042
Reserves	1,077,822	1,000,480	966,604	1,097,070	1,069,273
Equity Funds	2,190,864	2,113,522	2,079,646	2,210,112	2,182,315
Non-controlling Interests	9,175	416,711	418,681	3,841	3,647
Total Equity	2,200,039	2,530,233	2,498,327	2,213,953	2,185,962
Deferred Tax Liabilities	75,855	67,775	54,664	15,978	10,077
Long Term Liabilities	867,918	551,213	476,153	564,899	370,943
Current Liabilities	298,719	374,041	220,948	214,769	104,930
Total Liabilities	1,242,492	993,029	751,765	795,646	485,950
Total Equity And Liabilities	3,442,531	3,523,262	3,250,092	3,009,599	2,671,912
Property, Plant and Equipment	286,150	292,401	298,526	304,644	169,269
Investment Properties	2,465,298	2,475,216	2,117,775	2,108,636	1,878,996
Land Held for Property Development	97,772	95,071	27,104	-	-
Associated Company	-	-	-	-	-
Joint Ventures	16,379	14,450	9,144	5,543	4,940
Investments	168,785	170,835	271,339	122,903	137,147
Derivative Asset	-	-	37	71	104
Deferred Tax Assets	-	-	-	16,978	2,138
Goodwill	82,375	140,636	140,636	140,636	140,636
Other Intangible Asset	14,265	15,366	16,467	17,568	18,669
Total Non-Current Assets	3,131,024	3,203,975	2,881,028	2,716,979	2,351,899
Current Assets	311,507	319,287	369,064	292,620	320,013
Total Assets	3,442,531	3,523,262	3,250,092	3,009,599	2,671,912
Net Assets Per Share (RM)	1.97	1.90	1.87	1.99	1.96
(Loss)/Earnings Per Share (Sen)	(4.86)	6.53	4.07	4.12	15.93
Gross Dividend Rate (Sen)	-	1.00	2.00	2.00	2.00

Note:

Where additional shares are issued, the (loss)/earnings per share is calculated on a weighted average number of shares in issue.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Berjaya Assets Berhad (or “the Company”) acknowledges that good corporate governance is vital to uphold the business integrity and to sustain the performance and profitability of the Group’s business operation. The Board is committed in ensuring that the principles and recommendations as set out in the Malaysian Code of Corporate Governance 2012 (“MCCG 2012”) are observed and practised.

The following sections explain how the Group has applied the principles of the MCCG 2012 and the extent in which it has applied the principles and complied with the recommendations as set out in the MCCG 2012 throughout the financial year ended 30 June 2016.

1. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board of Directors of the Company comprising members with appropriate competencies, knowledge, skills and experience from diverse sectors and backgrounds, plays an important role in the stewardship and direction of the operations of the Group.

The Board has adopted, amongst others, the following responsibilities to facilitate it in discharging its duties:

- a) reviewing, adopting and monitoring the implementation of a strategic business plan for the Company and the Group;
- b) overseeing the conduct of the business of the Group to evaluate whether the business is being properly managed;
- c) identifying principal risks of the business to ensure the implementation of appropriate systems to manage these risks;
- d) maintaining shareholders and investors relations of the Company;
- e) reviewing the adequacy and integrity of the internal control systems and management systems of the Company and the Group; including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- f) reviewing and approving any material acquisitions and disposals of undertakings and assets in the Group; and
- g) establishing and overseeing a succession planning programme for the Company and the Group including the remuneration and compensation policy thereof.

The role and responsibilities of the Board is clearly set out in the Board Charter duly adopted by the Board.

The roles and responsibilities of the Board and management as well as the Chairman and the Executive Directors are segregated to ensure smooth running of the Group’s business and operations.

The Chairman is responsible for the leadership of the Board and ensures Board effectiveness and standards of conduct and to facilitate constructive deliberation on matters in hand. He has authority over the agenda for each Board meeting to ensure that all Directors are provided with relevant information on a timely basis. The general agenda may include minutes of previous meetings of the Board and Board Committees, quarterly financial results of the Group, issues requiring the Board’s deliberation and approval, reports or briefings on operational and financial issues of major subsidiaries and other ad-hoc reporting.

The Board delegates the authority and responsibilities for managing the everyday affairs of the Group to the Executive Directors and through them and subject to their oversight, to other senior management. The Executive Directors lead the senior management team in making and implementing the day-to-day decisions on the business operations and management, managing resources and risks in pursuing the corporate objectives of the Group.

The Board has delegated certain responsibilities to the Board Committees that function within clearly defined terms of references. Currently, the Board Committees comprise the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. The Board also periodically reviews the terms of reference of the Board Committees to ensure their relevance.

The ultimate responsibility for decision making in the Company still lies with the Board as a whole.

STATEMENT ON CORPORATE GOVERNANCE

Directors' Code of Conduct/Ethics

The Board has adopted a Code of Ethics for Directors ("Code of Ethics"). The Code of Ethics was formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors. The Group has also put in place a Code of Conduct for its employees to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities.

Corporate Strategy to promote sustainability

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable long term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the environment and the communities in which it operates as well as its employees have been set out in the Corporate Social Responsibility section of the Chairman's Statement in this Annual Report.

Access to information and advice

The Directors have full and timely access to information concerning the Company and the Group. The agenda for the Board meetings together with the Board papers which include reports on the Group's operations, finance, corporate development and proposals, are provided in sufficient time prior to Board meetings to enable the Directors to have an overview of matters to be discussed or reviewed at the meetings and to obtain further explanation or clarification, if any, to facilitate informed decision making. Senior management and/or advisers are invited to attend the Board meetings, where necessary, to provide explanation or additional information on the relevant agenda items tabled at the meetings. Tapping into the advancement of information technology, the Company has implemented the electronic delivery and supply of information for Board meetings.

The Board is supported by suitably qualified and competent company secretaries who are members of a professional body. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution and advise the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary. The Company Secretaries are also responsible to ensure Board meeting procedures are followed and accurate and proper records of the proceedings are maintained in the statutory record kept at the Registered Office of the Company.

All Directors also have unrestricted access to the advice and services of the Senior Management staff in the Group to enable them to discharge their duties effectively. The Directors may also obtain independent professional advice, both inside and outside the Company, at the Company's expense if they deem it necessary in ensuring performance of their duties. During the year, no external expert was separately engaged by the Board for advice.

Board Charter

The Board has formally adopted a Board Charter which sets out the roles, duties and responsibilities as well as the composition and processes to enable all Board members, acting on behalf of the Company, to be aware of their duties and responsibilities at all times. The Board Charter is reviewed annually to ensure that it remains consistent with the Board's roles and objectives. The Board Charter is available on the Company's website at www.berjaya.com/berjaya-assets/index.html.

STATEMENT ON CORPORATE GOVERNANCE

2. COMPOSITION OF THE BOARD

The Board currently has eight (8) members comprising:-

- The Chairman (who is Independent Non-Executive);
- Two (2) Executive Directors;
- Two (2) Non-Independent Non-Executive Directors; and
- Three (3) Independent Non-Executive Directors.

This composition fulfills the requirements as set out under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent.

The Executive and Non-Executive Directors, with their different backgrounds and experiences in the fields of finance, accounting, property development, business development and investment, provide an optimum mix of skills and experience for a balanced and effective Board. The Board is satisfied with the current size and composition of its Board members. A brief profile of each Director is contained in pages 2 to 5 of the Annual Report.

Nomination Committee

The Nomination Committee of the Company comprises exclusively of non-executive Directors, all of whom are independent Directors. The Nomination Committee currently comprises the following members:-

- | | | |
|----|--|--|
| 1. | YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin | - Chairman / Independent Non-Executive |
| 2. | Heng Kiah Choong | - Member / Independent Non-Executive |
| 3. | Dato' Mohd Salleh Bin Ahmad | - Member / Independent Non-Executive |

The Nomination Committee meets as and when required. The Nomination Committee met once during the financial year.

The Board has entrusted specific terms of reference to the Nominating Committee, which cover, inter-alia, the following duties and responsibilities:-

- identifying, assessing and recommending the right candidates to the Board with the necessary skills, knowledge, experience and competency for new appointments;
- conducting an annual assessment on the effectiveness of the Board as a whole (inter-alia, the required mix of skills, size and composition, experience, core competencies and other qualities of the Board), the Board Committees and the contribution of every Director (including the assessment of independence of the Independent Directors);
- recommending retiring directors for re-election or re-appointment as directors;
- ensuring orderly succession at the Board level and boardroom diversity; and
- ensuring adequate training and orientation are provided for new members of the Board.

The terms of reference of the Nomination Committee is available at the Company's website.

Appointment to the Board

The Nomination Committee is responsible amongst others, for identifying and making recommendations for any appointments of Board members or Board Committee members. The process for the appointment of a new director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, Senior Management staff, shareholders and/or other consultants;
2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;

STATEMENT ON CORPORATE GOVERNANCE

3. Recommendation to be made by Nomination Committee to the Board if the proposed candidate is found to be suitable. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.

Re-election and Re-appointment of Director

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office, at least once in three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year will offer themselves for re-election by the shareholders at the next annual general meeting ("AGM") to be held following their appointments.

Pursuant to Section 129(6) of the Companies Act, 1965, a Director who is over seventy (70) years of age shall retire at conclusion of each AGM of the Company and may offer himself for re-appointment to hold office until the conclusion of the next AGM.

The Nomination Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

The Directors who will retire by rotation and eligible for re-election pursuant to Article 102 of the Company's Article of Association at the forthcoming AGM are Mr Chan Kien Sing and Datuk Robert Yong Kuen Loke. The newly appointed Director, Mr Morvin Tan U-Jiang, who was appointed subsequent to the financial year ended 30 June 2016 will also retire at the forthcoming AGM pursuant to Article 93 of the Company's Articles of Association. The profiles of these Directors are set out on pages 3 to 4 of the Annual Report.

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin and Dato' Mohd Salleh Bin Ahmad, who are over seventy (70) years of age, shall retire at the conclusion of the forthcoming AGM of the Company and offer themselves for re-appointment to hold office until the conclusion of the next AGM. Their profiles are set out on pages 2 and 5 of the Annual Report.

The Nomination Committee has conducted an assessment of the above Directors who are due for re-election/re-appointment and has made recommendations to the Board for their proposed re-election/re-appointment to be tabled for shareholders' approval at the forthcoming AGM.

Annual Assessment

The Nomination Committee is also tasked under its terms of reference to carry out the necessary evaluation of the effectiveness of each Director, the Board and the Board Committees on an annual basis. During the financial year, the Committee had carried out an annual evaluation assessment as an effort to monitor the level of effectiveness of the Board, the Board Committees as well as the Board members. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide – Towards Boardroom Excellence. The evaluation process also involved a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors. The outcome of the assessments and comments by all the Directors were summarised and tabled at the Nomination Committee meeting for the Committee's review and were then reported to the Board at the Board meeting held thereafter. Based on the assessment conducted, the Nomination Committee and the Board indicated their satisfaction with the level of performance and effectiveness of the Board, the Board Committees and the Board Members.

STATEMENT ON CORPORATE GOVERNANCE

Activities of the Nomination Committee

During the meeting held in August 2016, the Nomination Committee carried out the following activities:-

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the performance of each individual Director; independence of the Independent Directors; effectiveness of the Board and the Board Committees;
- recommending Director who are retiring and being eligible for re-election and/or re-appointment;
- reviewed and recommended the retention of Independent Non-Executive Directors who have served on the Board for more than nine years; and
- reviewed the performance of the Audit and Risk Management Committee and its members.

Subsequent to the financial year ended 30 June 2016, the Nomination Committee reviewed and recommended to the Board the appointment of Mr Morvin Tan U-Jiang as a new Executive Director of the Company to fill the vacancy following the resignation of Mr Tan Thiam Chai as an Executive Director on 31 May 2016.

Boardroom Diversity

The Board acknowledges the recommendation of the MCCG 2012 pertaining to the establishment of a policy on boardroom diversity including gender diversity. There is presently no female Director on the Board. The Board also does not have a policy on gender diversity as the Board believes in providing equal opportunity to candidates who have the skills, experiences, core competencies and other qualities regardless of gender.

Remuneration Policies and Procedures

The Remuneration Committee of the Company comprises exclusively of non-executive Directors, all of whom are independent Directors and its composition is as follows:-

1. YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin - Chairman / Independent Non-Executive
2. Heng Kiah Choong - Member / Independent Non-Executive
3. Dato' Mohd Salleh Bin Ahmad - Member / Independent Non-Executive

The Remuneration Committee is entrusted with the responsibilities to set up the policy framework and to make recommendations to the Board on all elements of the remuneration and other terms of employment of the Executive Directors. The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The determination of the remuneration packages for the Non-Executive Directors, including the non-executive Chairman, is a matter for the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration package. The Board recommends the Directors' fees payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

The aggregate Directors' remuneration paid or payable to the Directors in office during the financial year by the Company and the Group categorised into appropriate components for the financial year ended 30 June 2016 are as follows:-

Company

	← Fees	Salaries and Other Emoluments	RM'000 Bonus	Benefits in-kind	→ Total
Executive	-	135	-	-	135
Non-Executive	132	20	-	-	152
	132	155	-	-	287

STATEMENT ON CORPORATE GOVERNANCE

Group

	←	RM'000			→
	Fees	Salaries and Other Emoluments	Bonus	Benefits in-kind	Total
Executive	10	676	11	-	697
Non-Executive	142	20	-	-	162
	152	696	11	-	859

The number of Directors of the Company who served during the financial year and whose total remuneration from the Group falling within the respective bands is as follows:-

Range of Remuneration (RM)	Number of Directors	
	Executive Director(s)	Non-Executive Director(s)
1 - 50,000	-	5
150,001 - 200,000	1	-
500,001 - 550,000	1	-
Total :	2	5

3. INDEPENDENT DIRECTORS

Assessment of Independent Directors

The presence of Independent Directors provides objectivity to the Board's decisions, ensuring that all strategies proposed by the management are fully discussed and examined, and taking into account the long-term interests of stakeholders, including shareholders, employees, customers, suppliers and the various communities in which the Company conducts its business.

The Board through the Nomination Committee assessed the independence of the Independent Directors based on the criteria set out in the Listing Requirements on an annual basis.

Based on the assessment conducted for the financial year ended 30 June 2016, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. The Independent Directors namely, YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, Mr Heng Kiah Choong, Datuk Robert Yong Kuen Loke and Dato' Mohd Salleh Bin Ahmad, had also provided the necessary confirmation of their independence to the Board based on the criteria as prescribed under the Listing Requirements.

Tenure of Independent Director

The Board takes cognizance of the recommendation of the MCCG 2012 that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board but will be re-designated as a non-Independent Director. In the event the Board wishes to retain such Director as an Independent Director, the Board must justify and seek shareholders' approval.

The Board does not have term limits for its independent Directors as it is of the view that the independence of the Independent Directors should not be determined solely by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole especially their invaluable

STATEMENT ON CORPORATE GOVERNANCE

knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director.

As at the date of this statement, Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad have served the Board for more than nine years. The Company had obtained shareholders' approvals at the last AGM held on 27 November 2015 to retain Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad as Independent Non-Executive Directors of the Company notwithstanding that they had been on the Board of the Company for a cumulative term of more than nine years. The Nomination Committee and the Board have upon their annual assessments conducted for the year 2016, concluded that Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad had remained independent and recommended that the approval of the shareholders be sought at the Company's forthcoming AGM to retain Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad as Independent Non-Executive Directors of the Company based on the following justifications:-

a) Mr Heng Kiah Choong:-

- i) he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board.
- ii) he has been with the Company for more than nine years and is familiar with the Company's business operations.
- iii) he remains objective and independent in expressing his views and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- iv) he has exercised his due care during his tenure as an Independent Non-Executive Director and as Chairman of the Audit and Risk Management Committee of the Company and carried out his professional duties in the interests of the Company and the shareholders.

b) Dato' Mohd Salleh Bin Ahmad:-

- i) he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board.
- ii) he has been with the Company for more than nine years and is familiar with the Company's business operations.
- iii) he remains objective and independent in expressing his view and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- iv) he has exercised his due care during his tenure as an Independent Non-Executive Director and carried out his professional duties in the interests of the Company and the shareholders.

The ordinary resolutions for the proposed retention of Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad as Independent Non-Executive Directors of the Company will be tabled at the forthcoming AGM for shareholders' approval.

STATEMENT ON CORPORATE GOVERNANCE

4. BOARD COMMITMENT

The Board meets regularly on a quarterly basis with additional meetings being convened when necessary. The meeting dates are planned ahead of schedule to ensure that each member of the Board is committed to meet when the time arises. During the financial year ended 30 June 2016, the Board met six (6) times and the record of attendance of each Director is set out below:-

Directors	No. of Meetings Attended
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin [#]	5/6
Datuk Wira Lye Ek Seang	5/6
Chan Kien Sing	6/6
Lim Meng Kwong	5/6
Datuk Robert Yong Kuen Loke [#]	6/6
Heng Kiah Choong [#]	6/6
Dato' Mohd Salleh Bin Ahmad [#]	6/6
Tan Thiam Chai ¹	6/6
Dato' Dickson Tan Yong Loong ²	5/6

[#] Denotes Independent Non-Executive Directors

¹ Resigned as an Executive Director on 31 May 2016.

² Resigned as a Non-Independent Non-Executive Director on 31 May 2016.

Subsequent to the financial year ended 30 June 2016, Mr Morvin Tan U-Jiang has been appointed as an Executive Director of the Company on 1 September 2016.

All the Directors have attended no less than 50% of the Board meetings held during the financial year. During intervals between Board meetings, any matters requiring Board's decisions and approvals will be obtained through circular resolutions of the Directors. These circular resolutions will then be noted at the next Board meeting.

All Directors have complied with the restrictions on the number of directorships in public listed companies as prescribed under the Listing Requirements. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees. All Board members are required to notify the Chairman of the Board before accepting new directorships outside the Group. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment as a director. The notification will also include an approximate indication of time that will be spent by the Directors on the new directorships. The Board is satisfied with the existing level of time commitment given by the Directors towards fulfilling their roles and responsibilities.

Directors' Training

The Board recognises the importance of training as a continuous education process for the Directors in order to ensure that the Directors stay abreast of the latest developments and changes in laws and regulations, business environment and new challenges and to equip the Directors with the necessary knowledge and skills to enable them to fulfill their responsibilities and to discharge their duties effectively.

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). Apart from the MAP, the Directors have also attended the Continuing Education Programme conducted by various course leaders. The Directors are mindful that they should continually attend seminars and courses to keep themselves updated on regulatory and corporate governance developments, besides enhancing their professionalism and knowledge to effectively discharge their duties and obligations.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year, the Directors had attended various training programmes and seminars, details of which are as follows:-

Director	Seminars / Conferences / Forum
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	<ul style="list-style-type: none"> - The Interplay between Corporate Governance, Non-Financial Information and Investment Decision - APREA AsiaPac Property Leaders Summit 2015 - ACI Breakfast Roundtable 2016 - Improving Board Risk Oversight Effectiveness
Datuk Wira Lye Ek Seang	<ul style="list-style-type: none"> - Ring the Bell for Gender Equality
Chan Kien Sing	<ul style="list-style-type: none"> - Advocacy Session on Management Discussion & Analysis for CEO and CFO - MIA Conference 2015 - In-house training conducted by KPMG focusing on sustainability reporting, corporate governance, cyber security and Bursa's listing rules - Sustainability Engagement Series for Director / Chief Executive Officers
Lim Meng Kwong	<ul style="list-style-type: none"> - Directors Corporate Governance Series: Building Effective Finance Function: From Reporting to Analytics to Strategic Input - Corporate Governance Seminar conducted by Philippine Corporate Enhancement and Governance, Inc.
Datuk Robert Yong Kuen Loke	<ul style="list-style-type: none"> - He kept himself abreast with the latest developments on the various accounting, finance and business issues both locally and globally through his extensive networking, reading of various magazines and journals and serving as a council member of the Malaysian Institute of Certified Public Accountants.
Heng Kiah Choong	<ul style="list-style-type: none"> - Bursa Malaysia Corporate Governance Breakfast Series with Directors – How to Maximise Internal Audit - Corporate Governance Breakfast Series for Director- Improving Board Risk Oversight Effectiveness - Ring the Bell for Gender Equality
Dato' Mohd Salleh Bin Ahmad	<ul style="list-style-type: none"> - Risk Management and Internal Control Workshop: Is our Line of Defence Adequate and Effective? - Directors Corporate Governance Series: Building Effective Finance Function: From Reporting to Analytics to Strategic Input

5. FINANCIAL REPORTING

Directors' Responsibility Statement in respect of Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows of the Company and of the Group as at the end of the financial year. In preparing those financial statements, the Directors are required to:-

- (a) select suitable accounting policies and then apply them consistently;
- (b) state whether applicable financial reporting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;

STATEMENT ON CORPORATE GOVERNANCE

- (c) make judgements and estimates that are reasonable and prudent; and
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors, in preparing the financial statements for the financial year ended 30 June 2016, are satisfied that the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. All applicable financial reporting standards have also been followed in the preparation of the financial statements which have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and reasonable steps have been taken to prevent and detect fraud and other irregularities.

Compliance with applicable Financial Reporting Standards

One of the key responsibilities of the Audit and Risk Management Committee is to review the financial statements and quarterly results of the Group and to ensure that such quarterly results and financial statements comply with the applicable financial reporting standards. The quarterly financial results and audited financial statements were reviewed by the Audit and Risk Management Committee and approved by the Board before they were released to Bursa Securities. The Audit and Risk Management Committee would meet with the External Auditors to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. Furthermore, the Audit and Risk Management Committee is updated regularly by the External Auditors on the changes in financial reporting standards which are applicable to the Group.

The Board maintains a transparent and professional relationship with the External Auditors through the Audit and Risk Management Committee. Under the existing practice, the Audit and Risk Management Committee invites the External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the Audit and Risk Management Committee will also have private meeting with the External Auditors without the presence of the Senior Management to enable exchange of views on issues requiring attention.

It is the policy of the Company to undertake an annual assessment of the quality of audit which encompassed the performance and quality of the External Auditors and their independence, objectivity and professionalism. This policy is delegated to the Audit and Risk Management Committee and the assessment process involves identifying the areas of assessment, setting the minimum standard and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.

To support the Audit and Risk Management Committee's assessment of their independence, the External Auditors will provide the Audit and Risk Management Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the Audit and Risk Management Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the Audit and Risk Management Committee of the Company.

The Audit and Risk Management Committee also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance, services as scrutineers at the Company's AGM and the annual review of the Statement on Risk Management and Internal Control. The non-recurring non-audit services are acting as reporting accountants for any corporate exercises.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year, the amount of non-audit fees paid to the External Auditors by the Company and the Group respectively for the financial year ended 30 June 2016 were as follows:-

	Company		Group	
	FYE2016 RM'000	FYE2015 RM'000	FYE2016 RM'000	FYE2015 RM'000
Statutory audit fees paid/payable to:-				
- Deloitte Malaysia	35	35	278	208
- Affiliates of Deloitte Malaysia	-	-	-	-
Total (a)	35	35	278	208
Non-audit fees paid to:-				
- Deloitte Malaysia	25	8	29	8
- Affiliates of Deloitte Malaysia	-	-	-	-
Total (b)	25	8	29	8
% of non-audit fees (b/a)	71.4%	22.9%	10.4%	3.8%

In considering the nature and scope of non-audit fees, the Audit and Risk Management Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the Audit and Risk Management Committee will make recommendation for re-appointment of the External Auditors to the Board. The proposed appointment will be subject to shareholders' approval at the AGM.

6. RISKS MANAGEMENT

The Board of Directors acknowledges that risk management and internal controls is an integral part of the overall management processes. It is an ongoing process to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.

The Audit and Risk Management Committee is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management and matters that may significantly impact the financial conditions or affairs of the business.

The internal audit function of the Group was outsourced to the internal auditors of its affiliated company, Berjaya Land Berhad to assist the Audit and Risk Management Committee in discharging its duties and responsibilities. The internal auditors' responsibilities include providing independent and objective reports on the state of internal controls of the various operating units in the Group to the Audit and Risk Management Committee, with the recommendations for improvement to the control procedures.

The details of the risk management and system of internal control of the Company are set out in the Statement on Risk Management and Internal Control in this Annual Report.

7. TIMELY DISCLOSURES

The Board will ensure that it adheres to and comply with the disclosure requirements of the Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Securities and to keep the shareholders well informed of all major developments in the Company on a timely basis.

STATEMENT ON CORPORATE GOVERNANCE

The Board recognises the importance of timely dissemination of information to shareholders and investors to ensure that they are well informed of all major developments of the Company and the Group. The Company keeps the shareholders, investors and members of the public abreast of all the Group's performance and operation through a comprehensive annual report and financial statements, circular to shareholders, quarterly financial reports and the various announcements made during the year.

Apart from the announcements published through the website of Bursa Securities, the Company also maintains a website at www.berjaya.com/berjaya-assets/index.html where shareholders as well as members of the public can access for the latest information on the Company.

8. RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company fully recognises the rights of the shareholders and encourages them to exercise their rights at the Company's general meetings. The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Group's businesses. The Chairman of the meeting provided time for the shareholders to ask questions for each agenda in the notice of the general meetings. At each AGM, the Board presents the progress and performance of the Group's businesses and encourages shareholders to participate through a question and answer session. The Directors, Senior Management and/or external auditors of the Company are available to respond to shareholders' queries during the general meetings. The Notice of the AGM together with the annual report will be dispatched to shareholders at least 21 days before the date of the meeting. The shareholders are thus provided with ample time to review the annual report, to appoint proxy where necessary, and to collate questions to be asked at the AGM.

Poll Voting

In line with the MCGG 2012, all the resolutions passed by the shareholders at the AGM held on 27 November 2015 were voted by way of a poll. The shareholders were brief on the voting procedures by the Share Registrar while the results of the poll were verified and announced by the independent scrutineer, Messrs Deloitte.

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

Effective Communication and proactive engagements with shareholders

The Company recognises the importance of being transparent and accountable to its shareholders and, as such, maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, general meetings of shareholders and through the Company's website at www.berjaya.com/berjaya-assets/index.html where shareholders can access corporate information, annual reports, press release, financial information and Company announcements.

9. COMPLIANCE WITH THE MCGG 2012

Other than as disclosed and/or explained in the Statement on Corporate Governance, the Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of MCGG 2012 during the financial year ended 30 June 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their risk managements and internal controls. The Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. The Board's Risk Management and Internal Control Statement, which has been prepared in accordance with the Guidance, is set out below.

RESPONSIBILITY

The Board of Directors of Berjaya Assets Berhad ("the Board") recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board's responsibility in relation to the system of internal control extends to all the subsidiaries of the Group. In view of the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board's primary objective and direction in managing the Group's principal business risks are to enhance the Group's ability to achieve its business objectives. The Board recognises that effective risk management framework is an integral part of good business management. It is an ongoing process to identify, evaluate, monitor, manage and mitigate the risks that may affect the Group's ability to achieve its business objectives and strategies. In order to measure the achievement of the business objectives, the Board monitors the Group's performance and profitability at its Board meetings.

The Group had in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. The Board regularly reviews and discusses these processes.

The Board has obtained assurance from the Executive Directors who are primarily responsible for the management of the financial affairs of the Company that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

RISK MANAGEMENT FRAMEWORK

The Board has extended the responsibilities of the Audit and Risk Management Committee ("ARMC") to include the work of monitoring all internal controls and risk management. Its review covers matters such as responses to significant risks identified, output from the monitoring process and changes made to the internal control systems. The management teams of business units maintain risk registers which outlines the risk policies including the procedures of risk identification, risk tolerance and the evaluation and managing process.

The key aspects of the risk management process are as follows:

- The business units are required to identify the risks relevant to their businesses.
- The risks are then assessed based on the probability of their occurrence and are evaluated as Low, Medium or High. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence.
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
- The business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the ARMC for review and deliberation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The members of the ARMC are Heng Kiah Choong, Chan Kien Sing and Dato' Mohd Salleh bin Ahmad.

The RMC terms of reference include, inter alia:

- To ensure that the strategic context of risk management strategy is complete
- To determine the overall risk management processes
- To ensure that the short and long term risk management strategy, framework and methodology are implemented and consistently applied by all business units
- To ensure that risk management processes are integrated into all core business processes
- To establish risk reporting mechanism
- To establish business benefits
- To ensure alignment and coordination of assurance activity across the organisation
- To act as a steering committee for the group wide risk management programme

INTERNAL CONTROL PROCESS

The key aspects of the internal control process are as follows:

- The operating units identify the areas of control relevant to their business, design the internal control procedures and document the procedures in manuals.
- The internal auditors of the Group establish the annual audit plan and table the plan to the ARMC for approval.
- The internal auditors perform the audit and present their audit reports to the ARMC, highlighting any shortcomings by the business units in implementing the controls and the remedial procedures implemented by the business units.

ASSURANCE MECHANISM

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The Board has assigned the ARMC with the duty of reviewing and monitoring the effectiveness of the Group's internal control. The ARMC receives assurance reports from both the internal and external auditors.

The Internal Audit function furnishes the ARMC with reports from visits conducted at various operating units. These independent and objective reports on the state of internal controls of the operating units within the Group assist the ARMC in monitoring and assessing the effectiveness of the internal control system. Observations from internal audits are presented to the ARMC together with management's responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audits with implementation status reported to the ARMC. The internal audit function is outsourced to the Group Internal Audit Division of an affiliated company, Berjaya Land Berhad which reports directly to the ARMC.

The external auditors form an opinion on the financial statements of the Group based on their annual statutory audit. Any areas for improvement identified during the course of audit are highlighted to the attention of the ARMC through management letters, or are articulated at the ARMC meetings. The ARMC also hold private meetings with the external auditors to have exchange of views on any areas that require their attention. Apart from the statutory audit, the external auditors also review the Statement on Risk Management and Internal Control ("SRMIC") in accordance with Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the disclosures in SRMIC are inconsistent with their understanding of the ongoing processes that the Board has in place for identifying, evaluating and managing the significant risks in achieving the objectives and strategies of the Group.

The Board also reviews the minutes of meetings of the ARMC. The Report of the ARMC is set on pages 32 to 36 of the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL

Some of the identified key features of the Group's system of internal control include:

- Clearly defined delegation of responsibilities to committees of the Board and to management of Head Office and business units, including authorisation level for all aspects of the business which are set out in an authority matrix;
- Regular and comprehensive information provided to management, covering financial performance and key business indicators;
- Regular visits to business units by senior management.

The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Berjaya Assets Berhad (“the Company”) is pleased to present the report of the Audit and Risk Management Committee (“ARMC”) for the financial year ended 30 June 2016.

MEMBERS AND MEETING ATTENDANCES

The members of the ARMC are as follows:

Heng Kiah Choong

Chairman/Independent Non-Executive Director

Chan Kien Sing

Non-Independent Non-Executive Director

Dato’ Mohd Salleh Bin Ahmad

Independent Non-Executive Director

The ARMC held six (6) meetings during the financial year ended 30 June 2016. The details of attendance of the members are as follows:

Name	Attendance
Heng Kiah Choong	6/6
Chan Kien Sing	6/6
Dato’ Mohd Salleh Bin Ahmad	6/6

The General Manager of Group Internal Audit, the Senior General Manager of Group Accounts and Budgets of Berjaya Corporation Berhad, the Executive Director of Berjaya Times Square Sdn Bhd and the General Manager of Natural Avenue Sdn Bhd were also invited to attend the ARMC meetings. The external auditors were also invited to attend three (3) of these meetings.

SUMMARY OF ACTIVITIES AND WORK OF THE ARMC

During the financial year, the ARMC had discharged its duties and responsibilities by carrying out the following work and activities:-

Financial Reporting

- a. reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

<u>Date of Meetings</u>	<u>Review of Quarterly Financial Statements</u>
18 August 2015	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 June 2015
27 November 2015	First quarter results for the financial year ended 30 June 2016
22 February 2016	Second quarter results for the financial year ended 30 June 2016
25 May 2016	Third quarter results for the financial year ended 30 June 2016

The above review is to ensure that the Company’s quarterly financial reporting and disclosures present a true and fair view of the Group’s financial position and performance and are in compliance with the Malaysian Financial Reporting Standards 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards 34 - Interim Financial Reporting as well as the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- b. reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 June 2015 together with the Management and the External Auditors at its meeting held on 20 October 2015 to ensure that it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with all disclosure and regulatory requirements before recommending the audited financial statements to the Board for approval.

External Audit

- a. evaluated the performance of the External Auditors for the financial year ended 30 June 2015 covering areas such as calibre, quality processes, audit team, audit scope, audit communications, audit governance and independence as well as the audit fees of the External Auditors. The ARMC, having been satisfied with the independence, suitability and performance of Messrs Deloitte ("Deloitte"), had recommended to the Board for approval of the re-appointment of Deloitte as External Auditors for the ensuing financial year end of 30 June 2016 at its meeting held on 20 October 2015.
- b. discussed and considered the significant accounting and auditing issues arising from the interim audit as well as the final audit with the External Auditors. The ARMC also had a private discussion with the External Auditors on 20 October 2015 without the presence of Management during the review of the audited financial statements for the year ended 30 June 2015 to discuss any problems/issues arising from the audit review.
- c. reviewed with the External Auditors at the meeting held on 25 May 2016, their audit plan in respect of the financial year end of 30 June 2016, outlining the auditors' responsibilities, materiality, current developments, significant risks and areas of audit focus, consideration of fraud, internal control plan, involvement of internal auditors, involvement of component auditors, client service team and timing of audit, independence policies and procedures, financial reporting and other updates.

Internal Audit

- a. reviewed 8 Internal Audit Reports on various non-listed operating subsidiaries of the Group that are involved in the different activities such as:-
 - i. Operation of complex and car park;
 - ii. Operation of hotel;
 - iii. Management of ferry terminal;
 - iv. Management of the common property of Berjaya Times Square building;
 - v. Investment holding, property investment and property development;
 - vi. Management and operation of theme park; and
 - vii. Operation of Sarawak Turf Club's Special Cash Sweep Number Forecast Lotteries.

The ARMC reviewed the Internal Audit reports which covered the following areas:

- i. finance, credit control and cash handling matters;
- ii. billing and collection;
- iii. sales, marketing and promotions;
- iv. maintenance and engineering;
- v. security and safety;
- vi. purchasing and inventory management;
- vii. human resource;
- viii. information technology;
- ix. housekeeping, fit out and renovation; and
- x. major operating expenses and capital expenditures.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC also reviewed the audit findings and recommendations to improve any weaknesses or non-compliance and the respective Management's responses thereto. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

- b. reviewed and approved the Internal Audit Plan for financial year ending 30 June 2017 to ensure there is adequate scope and comprehensive coverage over the activities of the non-listed operating subsidiaries of the Company and the Group and that all the risk areas are audited annually.

Recurrent Related Party Transactions

- a. reviewed the Circular to Shareholders in connection with the recurrent related party transactions ("RRPT") that arose within the Group at its meeting held on 20 October 2015 to ensure that the transactions are fair and reasonable to, and are not to the detriment of, the minority shareholders.

The framework set up for identifying and monitoring the RRPT includes inter-alia, the following:-

- (i) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;
- (ii) The Related Parties and interested Directors will be notified of the method and/or procedures of the RRPT of the Group;
- (iii) Records of RRPT will be retained and compiled by accountant for submission to the auditors and the ARMC for review;
- (iv) The ARMC is to provide a statement that it has reviewed the terms of the RRPT to ensure that such transactions are undertaken based on terms not more favourable to the Related Party than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the Group;
- (v) Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any Person Connected with them will also abstain from voting on the resolution at the EGM or AGM to be convened for the purpose; and
- (vi) Disclosures will be made in the annual report on the breakdown of the aggregate value of the RRPT during the financial year, amongst others, based on the following information:-
 - (a) the type of the RRPT made; and
 - (b) the names of the Related Parties involved in each type of the RRPT made and their relationships with the Group.

Related Party Transactions

- a. reviewed transactions with related parties and/or interested persons to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Company's business practices and policies, not prejudicial to the interests of the Company and its minority shareholders and on terms which are generally no more favourable to the related parties and/or interested persons (pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

During the financial year, the ARMC had reviewed among others, the following related party transactions, prior to their recommendation to the Board for approval and to make the relevant announcement thereof:-

- i. proposed acquisition of a piece of freehold commercial unit by the Company's wholly-owned subsidiary, Berjaya Times Square Sdn Bhd, in the development known as "Berjaya Times Square" located in the Master Title held under Geran 56069 Lot 2001 Seksyen 52 with a built-up area of approximately 13,369 square feet from Berjaya Credit Sdn Bhd for a cash consideration of RM13,369,000;
- ii. proposed acquisition by the Company and/or its subsidiary companies of up to 30.0 million ordinary shares of RM1.00 each in Berjaya Corporation Berhad in the open market and/or via direct business transactions over a period of 12 months based on the then prevailing market prices; and
- iii. proposed acquisition by the Company and/or its wholly-owned subsidiary, Sublime Cartel Sdn Bhd of up to 1.0 million ordinary shares of RM1.00 each in Atlan Holdings Bhd in the open market and/or via direct business transactions over a period of 12 months based on the then prevailing market prices.

Risk Management Activities

- a. reviewed the risk management activities of the Company's subsidiaries namely, Berjaya Times Square Sdn Bhd group of companies and Natural Avenue Sdn Bhd as well as Berjaya Times Square Management Corporation.
- b. reviewed the summary of the risk register covering areas such as the likelihood of occurrence of the identified risks, the impact of the risks, risk score, risk treatment, risk owner and control effectiveness to ensure that the management of the relevant risks is appropriately placed within the Group.

Other activities

Reviewed and recommended to the Board for approval, the ARMC Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

SUMMARY OF THE WORKS OF THE INTERNAL AUDIT FUNCTION

The Company does not have its own in-house Internal Audit function. The internal audit function was outsourced to the internal auditors of its affiliated company, Berjaya Land Berhad, to assist the ARMC in discharging its duties and responsibilities. Their role is to provide the ARMC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures.

The Internal Audit's activities are guided by the Internal Audit Charter and the Internal Audit Division adopts a risk-based approach focusing on high risk areas. All high risk activities in each auditable area are audited annually.

The activities undertaken by the Internal Audit Division during the financial year ended 30 June 2016 included the following:

1. Tabled Internal Audit Plan for the ARMC's review and endorsement.
2. Reviewed the existing systems, controls and governance processes of various operating units within the Group.
3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.
4. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.
5. Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls to the ARMC and the respective operations management.
6. Presented the internal audit reports to the ARMC for review.
7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

For the financial year under review, the Internal Auditors conducted audit assignments on various operating units in the Group involved in property investment and management, hotel, car park, theme park, gaming and ferry terminal operations.

The cost incurred for the Internal Audit function in respect of the financial year ended 30 June 2016 was approximately RM235,000.

TERMS OF REFERENCE OF THE ARMC

The terms of reference of the ARMC can be viewed on the Company's website at www.berjaya.com/berjaya-assets/index.html.



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DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies consist of:

- (i) number forecast lotteries in Sarawak;
- (ii) general trading and commission agent;
- (iii) provision of lottery consultancy and related services;
- (iv) property investment and development;
- (v) investment holding;
- (vi) operation of a hotel;
- (vii) management of ferry terminal;
- (viii) operation of theme park; and
- (ix) operation of food and beverage business.

There have been no significant changes in the nature of the Group's activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year	<u>(46,734)</u>	<u>11,802</u>
Attributable to:		
Owners of the Parent	(54,122)	11,802
Non-controlling interests	<u>7,388</u>	-
	<u>(46,734)</u>	<u>11,802</u>

In the opinion of the Directors, the results of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Note 32 to the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

Since 30 June 2015, the Company had on 28 January 2016, paid a final dividend of 1 sen single tier dividend per ordinary share of RM1.00 on 1,113,041,559 ordinary shares with voting rights in respect of the financial year ended 30 June 2015, amounting to approximately RM11.13 million.

The Directors do not recommend any final dividend payment in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS AND WARRANTS

No options were granted by the Company to any parties during the financial year to take up unissued shares of the Company.

As of 30 June 2016, there were no unissued shares of the Company under options and there was a total of 415,982,348 Warrants 2008/2018 outstanding. None of the Warrants 2008/2018 were exercised during the financial year.

The main features of the Warrants 2008/2018 are disclosed in Note 16 to the financial statements.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	
Datuk Lye Ek Seang	
Chan Kien Sing	
Lim Meng Kwong	
Datuk Robert Yong Kuen Loke	
Heng Kiah Choong	
Dato' Mohd Salleh Bin Ahmad	
Morvin Tan U-Jiang	(Appointed on 1 September 2016)
Tan Thiam Chai	(Resigned on 31 May 2016)
Dato' Dickson Tan Yong Loong	(Resigned on 31 May 2016)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 31 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 46 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 47 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position, statements of profit or loss and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

OTHER STATUTORY INFORMATION (CONTD.)

- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. Deloitte, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors,

DATUK LYE EK SEANG

CHAN KIEN SING

4 October 2016

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATUK LYE EK SEANG and CHAN KIEN SING, being two of the Directors of BERJAYA ASSETS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 46 to 144 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 30 June 2016 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 50 to the financial statements on page 145 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 4 October 2016,

DATUK LYE EK SEANG

CHAN KIEN SING

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, DATUK LYE EK SEANG, being the Director primarily responsible for the financial management of BERJAYA ASSETS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 145 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed DATUK LYE EK SEANG
at Kuala Lumpur in the Federal Territory
on 4 October 2016.

DATUK LYE EK SEANG

Before me,

KAPT (B) AFFANDI BIN AHMAD (W 678)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of Berjaya Assets Berhad, which comprise the statements of financial position of the Group and of the Company as of 30 June 2016, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 144.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD
(INCORPORATED IN MALAYSIA)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) we have considered the accounts and auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are disclosed in Note 48 to the financial statements;
- (c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes; and
- (d) the auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 50 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the Financial Statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD
(INCORPORATED IN MALAYSIA)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants

TEO SWEE CHUA
Partner - 2846/01/18 (J)
Chartered Accountant

4 October 2016

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2016

	Note	GROUP		COMPANY	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	5	286,150	292,401	114	152
Investment properties	6	2,465,298	2,475,216	-	-
Land held for property development	7	97,772	95,071	-	-
Subsidiary companies	8	-	-	1,333,359	1,173,576
Associated company	9	-	-	-	-
Joint ventures	10	16,379	14,450	-	-
Other investments	11	168,785	170,835	556	1,918
Intangible assets	12	96,640	156,002	-	-
Receivables	14	-	-	74,311	-
		<u>3,131,024</u>	<u>3,203,975</u>	<u>1,408,340</u>	<u>1,175,646</u>
CURRENT ASSETS					
Inventories	13	196,292	196,603	-	-
Receivables	14	37,817	35,692	363,519	350,128
Tax recoverable		43	36	-	-
Cash and bank balances	15	77,355	86,956	5,212	1,771
		<u>311,507</u>	<u>319,287</u>	<u>368,731</u>	<u>351,899</u>
TOTAL ASSETS		<u><u>3,442,531</u></u>	<u><u>3,523,262</u></u>	<u><u>1,777,071</u></u>	<u><u>1,527,545</u></u>

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2016

	Note	GROUP		COMPANY	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
EQUITY					
Share capital	16	1,113,042	1,113,042	1,113,042	1,113,042
Share premium	17	258,985	258,985	258,985	258,985
Available-for-sale reserve	18	30,481	25,416	173	1,146
Foreign currency translation reserve	19	7,558	7,178	-	-
Retained earnings	20	780,798	708,901	99,974	99,302
Equity funds		2,190,864	2,113,522	1,472,174	1,472,475
Non-controlling interests		9,175	416,711	-	-
Total equity		2,200,039	2,530,233	1,472,174	1,472,475
NON-CURRENT LIABILITIES					
Bank borrowings	21	572,125	314,710	247,700	-
Senior bonds	22	119,338	158,891	-	-
Hire purchase liabilities	23	1,059	82	58	82
Long term liabilities	24	175,396	77,530	-	-
Deferred tax liabilities	25	75,855	67,775	27	36
		943,773	618,988	247,785	118
CURRENT LIABILITIES					
Payables	26	127,874	126,409	56,801	54,630
Bank borrowings	21	118,993	231,658	-	-
Senior bonds	22	39,896	-	-	-
Hire purchase liabilities	23	303	23	24	23
Tax payable		11,653	15,951	287	299
		298,719	374,041	57,112	54,952
Total liabilities		1,242,492	993,029	304,897	55,070
TOTAL EQUITY AND LIABILITIES		3,442,531	3,523,262	1,777,071	1,527,545

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	GROUP		COMPANY	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	27	387,092	411,945	107,670	37,370
Cost of sales	28	(176,006)	(210,315)	-	-
Gross profit		211,086	201,630	107,670	37,370
Fair value changes					
on investment properties	6	635	2,482	-	-
Other income	29	14,052	80,430	9,682	7,706
Distribution and marketing expenses		(5,240)	(6,264)	-	-
Administrative expenses		(113,533)	(101,618)	(3,264)	(2,267)
Other expenses	32	(80,202)	(25,657)	(90,240)	(1,300)
		26,798	151,003	23,848	41,509
Finance costs	33	(53,606)	(42,446)	(10,093)	(423)
Share of results of joint ventures		(791)	(450)	-	-
(Loss)/Profit before tax	34	(27,599)	108,107	13,755	41,086
Income tax expense	35	(19,135)	(24,130)	(1,953)	(1,753)
(Loss)/Profit for the year		(46,734)	83,977	11,802	39,333
Attributable to:					
Owners of the Parent		(54,122)	72,711	11,802	39,333
Non-controlling interests		7,388	11,266	-	-
		(46,734)	83,977	11,802	39,333
(Loss)/Earnings per share attributable to owners of the Parent (sen)					
Basic	36	(4.86)	6.53		
Fully diluted	36	(4.86)	6.53		
Dividend per share (sen)					
Final dividend				-	1.00

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit for the year	(46,734)	83,977	11,802	39,333
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net gain/(loss) on available-for-sale investments:				
- Gain/(Loss) on fair value changes	7,750	(21,441)	(183)	(94)
- Transfer to statement of profit or loss upon disposal	(790)	(1,804)	(790)	-
Currency translation difference	(615)	5,680	-	-
Total comprehensive income for the year	<u>(40,389)</u>	<u>66,412</u>	<u>10,829</u>	<u>39,239</u>
Attributable to:				
Owners of the Parent	(47,570)	56,177	10,829	39,239
Non-controlling interests	7,181	10,235	-	-
	<u>(40,389)</u>	<u>66,412</u>	<u>10,829</u>	<u>39,239</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	<-----Attributable to the owners of the Parent ----->									
	<-----Non-distributable----->					Distributable				
	Share Capital	Share Premium	Available-for-sale Reserve	Foreign Currency Translation Reserve	Retained Earnings	Equity Funds	Non-controlling Interests	Total Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 July 2015	1,113,042	258,985	25,416	7,178	708,901	2,113,522	416,711	2,530,233		
Total comprehensive income	-	-	6,254	298	(54,122)	(47,570)	7,181	(40,389)		
Transactions with owners:										
Acquisition of remaining equity interest in a subsidiary company (Note 46 (a))	-	-	(1,189)	82	137,149	136,042	(386,042)	(250,000)		
Dividends (Note 37)	-	-	-	-	(11,130)	(11,130)	-	(11,130)		
Dividends paid to non-controlling interests	-	-	-	-	-	-	(28,675)	(28,675)		
As of 30 June 2016	1,113,042	258,985	30,481	7,558	780,798	2,190,864	9,175	2,200,039		
As of 1 July 2014	1,113,042	258,985	46,799	2,329	658,491	2,079,646	418,681	2,498,327		
Total comprehensive income	-	-	(21,383)	4,849	72,711	56,177	10,235	66,412		
Transactions with owners:										
Partial disposal of a subsidiary company	-	-	-	-	(40)	(40)	170	130		
Dividends (Note 37)	-	-	-	-	(22,261)	(22,261)	-	(22,261)		
Dividends paid to non-controlling interests	-	-	-	-	-	-	(12,375)	(12,375)		
As of 30 June 2015	1,113,042	258,985	25,416	7,178	708,901	2,113,522	416,711	2,530,233		

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Share Capital RM'000	<---Non-distributable---> Share Premium RM'000	Available- for-sale Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000
As of 1 July 2015	1,113,042	258,985	1,146	99,302	1,472,475
Total comprehensive income	-	-	(973)	11,802	10,829
Transaction with owners: Dividends (Note 37)	-	-	-	(11,130)	(11,130)
As of 30 June 2016	<u>1,113,042</u>	<u>258,985</u>	<u>173</u>	<u>99,974</u>	<u>1,472,174</u>
As of 1 July 2014	1,113,042	258,985	1,240	82,230	1,455,497
Total comprehensive income	-	-	(94)	39,333	39,239
Transaction with owners: Dividends (Note 37)	-	-	-	(22,261)	(22,261)
As of 30 June 2015	<u>1,113,042</u>	<u>258,985</u>	<u>1,146</u>	<u>99,302</u>	<u>1,472,475</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		441,456	478,604
Payments to suppliers, prize winners and other operating expenses		(311,130)	(320,720)
Payments for pool betting duties, gaming tax, royalties and other government contributions		(38,622)	(44,763)
Tax refund		197	86
Payment of taxes		(15,566)	(17,175)
Other receipts/(payments)		4,820	(925)
Net cash generated from operating activities		81,155	95,107
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1	114
Proceeds from partial disposal of a subsidiary company		-	130
Acquisition of property, plant and equipment	(a)	(4,165)	(5,278)
Acquisition of properties	(b)	(18,116)	(388,301)
Payment for intangible assets		(648)	-
Sale of other investments		1,205	100,497
Proceeds from disposal of investment properties		8,208	20,354
Subscription of ordinary shares in a joint venture		-	(75)
Subscription of redeemable preference shares in a joint venture		(3,000)	(5,475)
Acquisition of remaining equity interest in a subsidiary company		(250,000)	-
Acquisition of other investments		(4,638)	-
Interest received		2,865	3,932
Dividends received		1,666	3,465
Deposit paid in relation to proposed acquisition of investments		(5,186)	(2,000)
Net cash used in investing activities		(271,808)	(272,637)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 RM'000	2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings and loans		453,000	273,471
Repayment of borrowings and loans		(186,211)	(62,566)
Interest paid		(47,432)	(35,727)
Payment of hire purchase liabilities		(175)	(14)
Dividends paid to shareholders of the Company		(11,130)	(22,261)
Dividends paid to non-controlling interests		(28,675)	(12,375)
Withdrawal from banks as security pledged for borrowings		37,821	10,856
Net cash generated from financing activities		<u>217,198</u>	<u>151,384</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		26,545	(26,146)
EFFECTS OF EXCHANGE RATE CHANGES		(603)	378
OPENING CASH AND CASH EQUIVALENTS		16,188	41,956
CLOSING CASH AND CASH EQUIVALENTS	(c)	<u>42,130</u>	<u>16,188</u>
		2016 RM'000	2015 RM'000
(a) The additions to property, plant and equipment consist of the following:			
Payment by cash		4,165	5,278
Financed by hire purchase		1,328	117
Deferred payment		692	-
Total (Note 5)		<u>6,185</u>	<u>5,395</u>
(b) The additions to properties consist of the following:			
Payment by cash		18,116	388,301
Other payables and accrued expenses		290	584
Advance payment in prior year		314	21,342
Total (Notes 6 and 7)		<u>18,720</u>	<u>410,227</u>
(c) The closing cash and cash equivalents consist of:			
Deposits with licensed banks (Note 15)		40,564	64,066
Cash on hand and at banks (Note 15)		36,791	22,890
		<u>77,355</u>	<u>86,956</u>
Less:			
Bank overdraft (Note 21)		(9,800)	(7,522)
Cash and cash equivalent restricted in usage		(25,425)	(63,246)
		<u>42,130</u>	<u>16,188</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments for operating expenses		(3,179)	(1,521)
Tax refund		13	14
Payment of taxes		(1,987)	(1,717)
Net cash used in operating activities		(5,153)	(3,224)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(a)	-	(39)
Proceeds from disposal of property, plant and equipment		-	1
Sale of other investments		1,205	-
Acquisition of remaining equity interest in a subsidiary company		(250,000)	-
Acquisition of investment in a subsidiary company		(1)	(2)
Interest received		8,799	7,701
Dividends received		106,945	36,645
Net cash (used in)/generated from investing activities		(133,052)	44,306
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings and loans		250,000	-
Interest paid		(9,790)	(421)
Payment of hire purchase liabilities		(27)	(14)
Inter-company payments		(87,407)	(27,795)
Dividends paid to shareholders of the Company		(11,130)	(22,261)
Net cash generated from/(used in) financing activities		141,646	(50,491)
NET CHANGE IN CASH AND CASH EQUIVALENTS		3,441	(9,409)
OPENING CASH AND CASH EQUIVALENTS		1,771	11,180
CLOSING CASH AND CASH EQUIVALENTS	(b)	5,212	1,771
2016 RM'000			
2015 RM'000			
(a) The additions to property, plant and equipment consist of the following:			
Payment by cash		-	39
Financed by hire purchase		-	117
Total (Note 5)		-	156
(b) The closing cash and cash equivalents consist of:			
Deposits with licensed banks (Note 15)		5,179	1,747
Cash on hand and at banks (Note 15)		33	24
		5,212	1,771

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies consist of:

- (i) number forecast lotteries in Sarawak;
- (ii) general trading and commission agent;
- (iii) provision of lottery consultancy and related services;
- (iv) property investment and development;
- (v) investment holding;
- (vi) operation of a hotel;
- (vii) management of ferry terminal;
- (viii) operation of theme park; and
- (ix) operation of food and beverage business.

There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All information presented in RM has been rounded to the nearest thousand (RM'000) unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 4 October 2016.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

MFRSs and Amendments to MFRSs issued but not yet effective

At the date of authorisation of these financial statements, the new and revised MFRSs and amendments to MFRSs which were issued but not yet effective and not early adopted by the Group and by the Company are listed as below:

Effective for financial periods beginning on or after 1 January 2016:

MFRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities: Applying the Consolidation Exception)
MFRS 11	Joint Arrangements (Amendments relating to Accounting for Acquisitions of interests in Joint Operations)
MFRS 12	Disclosure of Interest in Other Entities (Amendments relating to Investment Entities: Applying the Consolidation Exception)
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Presentation of Financial Statements (Amendments relating to Disclosure Initiative)
MFRS 127	Consolidated and Separate Financial Statements (Amendments relating to Equity Method in Separate Financial Statements)
MFRS 128	Investments in Associates (Amendments relating to Investment Entities: Applying the Consolidation Exception)
MFRS 138	Intangible Assets (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation)

Annual Improvements to MFRSs 2012 - 2014 Cycle (issued in November 2014)

Effective for financial periods beginning on or after 1 January 2017:

MFRS 107	Statement of Cash Flows (Amendments relating to Disclosure Initiative)
MFRS 112	Income Taxes (Amendments relating to Recognition of Deferred Tax Assets for Unrealised Losses)

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS 15	Revenue from Contracts with Customers

NOTES TO THE FINANCIAL STATEMENTS

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

MFRSs and Amendments to MFRSs issued but not yet effective (contd.)

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
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Effective date to be announced by IASB:

MFRS 10	Consolidated Financial Statements (Amendments relating to Sale or Contribution of Assets between an investor and its Associate or Joint Venture)
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MFRS 128	Investments in Associates (Amendments relating to Sale or Contribution of Assets between an investor and its Associate or Joint Venture)
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Unless otherwise described below, the abovementioned MFRSs and Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs and Amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except for the changes in presentation and disclosures of financial information.

(i) MFRS 107 - Statement of Cash Flows (Amendments relating to Disclosure Initiative)

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from both cash flows and non-cash changes.

The amendments should be applied prospectively and comparative information is not required for earlier periods presented. Except for providing the requisite disclosures, the Directors of the Group and of the Company do not anticipate that the application of the amendments will have a material impact on the Group's and the Company's financial statements.

(ii) MFRS 112 - Income Taxes (Amendments relating to Recognition of Deferred Tax Assets for Unrealised Losses)

The amendments to MFRS 112 clarify that: (i) The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this; and (ii) When comparing deductible temporary differences with future taxable profits, the future profits shall exclude tax deductions resulting from the reversal of those deductible temporary differences.

The amendments should be applied retrospectively with specific transitional relief. The Directors of the Group and of the Company do not anticipate that the application of the amendments will have a material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

MFRSs and Amendments to MFRSs issued but not yet effective (contd.)

(iii) MFRS 9 - Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) include requirements for the classification and measurement of financial liabilities and for derecognition. In February 2014, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB – MFRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of MFRS 9 are described as follows:

- All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are (i) held within a business model whose objective is to collect the contractual cash flows, and (ii) that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are (i) held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and (ii) that have contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value through profit or loss. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)**MFRS and Amendments to MFRSs issued but not yet effective (contd.)****(iii) MFRS 9 - Financial Instruments (contd.)**

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of MFRS 9 would not have significant impact on amounts reported in respect of the Group's and of the Company's financial assets and financial liabilities.

(iv) MFRS 15 - Revenue from Contracts with Customers

In September 2014, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Subsequently, Amendments to MFRS 15 were issued in June 2016 which provide clarifications on certain requirements of MFRS 15 and provide additional transitional relief upon implementing MFRS 15. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- (a) Step 1: Identify the contract(s) with a customer.
- (b) Step 2: Identify the performance obligations in the contract.
- (c) Step 3: Determine the transaction price.
- (d) Step 4: Allocate the transaction price to the performance obligations in the contract.
- (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Directors anticipate that the application of MFRS 15 would not have significant impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTD.)

MFRS and Amendments to MFRSs issued but not yet effective (contd.)

(v) MFRS 16 - Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The Directors of the Group and of the Company are still assessing if the application of the amendments will have a material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.2 Summary of Significant Accounting Policies

(a) Subsidiary Companies and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies, which are prepared up to the end of the same financial year.

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

- i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- ii) exposure, or rights, to variable returns from its investment with the investee; and
- iii) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- ii) potential voting rights held by the Group, other vote holders or other parties;
- iii) rights arising from other contractual arrangements; and
- iv) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, consolidation of a subsidiary company begins when the Group obtains control over the subsidiary company and ceases when the Group loses control of the subsidiary company.

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance with the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT").

The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, and the amount of any non-controlling interests in the acquiree, the fair value of the Group's previously held equity interest in the acquiree and any contingent consideration. For an acquisition that is a business combination, the acquisition-related costs are recognised in the statement of profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(a) Subsidiary Companies and Basis of Consolidation (contd.)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the statement of profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in the statement of profit or loss.

The contingent consideration to be transferred by the acquirer will be recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 as appropriate with the corresponding gain or loss being recognised in the statement of profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation, except for unrealised losses which are not eliminated when there are indications of impairment.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented separately in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(a) Subsidiary Companies and Basis of Consolidation (contd.)

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

Changes in the Group's ownership interest in a subsidiary company that do not result in the Group losing control over the subsidiary company are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between:

- i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interest;

is recognised in the statement of profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to the statement of profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses.

(b) Associated Companies and Joint Ventures

Associated companies are entities in which the Group has significant influence. Significant influence is the power through board representations to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited and supplemented by management financial statements of the associated companies and the joint ventures made up to the Group's financial year-end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(b) Associated Companies and Joint Ventures (contd.)

On acquisition of an investment in associated company or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets acquired and liabilities assumed of the investee is recognised as goodwill and included in the carrying amount of the investment and is not amortised.

Any excess of the Group's share of net fair value of the associated company's or the joint venture's identifiable assets acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of associated company's or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in an associated company or a joint venture is recognised at cost on initial recognition, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company or the joint venture after the date of acquisition, less impairment losses. The Group's share of comprehensive income of associated companies or joint ventures acquired or disposed of during the financial year, is included in the consolidated statement of profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies or the joint ventures are eliminated to the extent of the Group's interest in the associated companies or the joint ventures.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company or joint venture, including any long term interest, that, in substance, form part of the Group's net investment in the associated company or the joint venture, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has legal and constructive obligations or has made payment on behalf of the associated company or the joint venture.

In the Company's separate financial statements, investments in associated companies and joint ventures are stated at cost less impairment losses.

(c) Affiliated Companies

The Group treats companies substantially owned directly or indirectly by a major shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun and persons connected with him as affiliated companies.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(d) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress are not depreciated as these assets are not available for use.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold building	2%
Long term leasehold land and buildings	Over remaining economic useful life of the lease
Short term leasehold land and buildings	Over 50 years
Plant, machinery and equipment	10% - 20%
Computer equipment	10% - 20%
Renovation	10% - 33%
Furniture, fittings and office equipment	10% - 50%
First aid and theme park equipment	10% - 20%
Cinema fixtures, fittings and equipment	10% - 20%
Motor vehicles	14% - 20%
Others *	10% - 20%

* Others comprise mainly ponies, draw equipment and telecommunications equipment.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or losses on the derecognition of the asset are included in the statement of profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent professional valuers.

Gains or losses arising from changes in the fair values of investment properties are recognised in the statement of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year in which they arise.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of profit or loss. Upon disposal of the investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings.

When an item of property inventory or property development is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly to the statement of profit or loss.

(f) Land Held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is classified as current assets in the statement of financial position when the development activities with a view of sale have commenced and where the development activities can be completed within the Company's normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(g) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset are reviewed yearly at each reporting date.

Other intangible assets consist of the rights acquired to receive Special Cash Sweep Lottery royalty revenue and franchise fees paid by the Group. The estimated useful lives are as follows:

Rights	28 years
Franchise fees	5 years

(h) Inventories

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

Inventories also include finished goods, souvenirs and stores and consumables, which are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

Ticket inventories and gaming equipment are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

Cost comprises the invoiced value of the goods purchased plus cost incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(i) Fair Value Measurement

The Group measures financial instruments and certain non financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) in the principal market for the asset or liability, or
- ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole as described in Note 42.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**3.2 Summary of Significant Accounting Policies (contd.)****(j) Impairment of Non-Financial Assets**

The carrying amounts of the Group's non-financial assets, other than investment properties, property development costs, inventories, deferred tax assets and non-current assets (or disposal group) held for sale are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the statement of profit or loss in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the statement of profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(k) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Financial assets designated as financial assets at fair value through profit or loss are a group of financial assets which consist of certain quoted securities that is managed and its performance is evaluated at a fair value basis, in accordance with a documented risk management or investment strategy, and information about these group of financial assets is provided internally on that basis to the Group's and the Company's key management personnel.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in the statement of profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in the statement of profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the expected settlement date.

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at the amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**3.2 Summary of Significant Accounting Policies (contd.)****(k) Financial Assets (contd.)****(iii) Held-To-Maturity Investments**

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at the amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-For-Sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the statement of profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in the statement of profit or loss.

Dividends from an available-for-sale equity instrument are recognised in the statement of profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss previously recognised in other comprehensive income will be recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(I) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the statement of profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost had the impairment not been recognised at the reversal date. The amount of reversal is recognised in the statement of profit or loss.

(ii) Available-For-Sale Financial Assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**3.2 Summary of Significant Accounting Policies (contd.)****(l) Impairment of Financial Assets (contd.)****(ii) Available-For-Sale Financial Assets (contd.)**

If an available-for-sale financial asset is impaired, the difference between its cost (net of any principal payment and amortisation) and its current fair value less any impairment loss previously recognised in the statement of profit or loss, is transferred from equity to the statement of profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in the statement of profit or loss in the subsequent periods. Increase in fair value of equity instruments, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in the statement of profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the statement of profit or loss.

(m) Statement of Cash Flows

Cash comprises cash in hand, at bank and demand deposits. Cash equivalents, are short term, highly liquid investments that are readily convertible to known amounts subject to insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

The Group and the Company adopt the direct method in the preparation of the statement of cash flows.

(n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value with any resultant gains or losses recognised in the statement of profit or loss. Net gains or losses on derivatives include exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(n) Financial Liabilities (contd.)

(ii) Other Financial Liabilities

Other financial liabilities of the Group and the Company include trade payables, other payables, hire purchase liabilities, Senior Bonds and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Senior Bonds, loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(o) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in the statement of profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the statement of profit or loss.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**3.2 Summary of Significant Accounting Policies (contd.)****(p) Provisions**

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to settle the obligation.

Liquidated and ascertained damages which have been accrued based on estimates of settlement sums to be agreed, are recognised in the statement of profit or loss.

(q) Leases**(i) As Lessee**

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As Lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.2 (w)(vi).

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(r) Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in the statement of profit or loss except to the extent that the taxes relates to items recognised outside the statement of profit or loss which is recognised either in other comprehensive income or directly in equity.

(ii) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**3.2 Summary of Significant Accounting Policies (contd.)****(r) Taxes (contd.)****(ii) Deferred Tax (contd.)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Gaming and Sales Tax

Revenues are recognised net of the amount of gaming and sales tax while expenses and assets are recognised net of sales tax except where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of sales tax included.

The net amount of gaming and sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(iv) Goods and Services Tax ("GST") and Value Added Tax ("VAT")

The net amount of GST or VAT, being the difference between output and input GST or VAT, payable to or recoverable from the respective authorities at reporting date is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(s) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the statement of profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the statement of profit or loss.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in the statement of profit or loss of the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the statement of profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(s) Foreign Currencies (contd.)

(iii) Foreign Operations (contd.)

- Income and expenses for each statement of profit or loss and statement of profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- All the resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under foreign currency translation reserve.

The principal closing rates used in translation are as follows:

Foreign currency	Currency code	2016 RM	2015 RM
1 Great Britain Pound	GBP	5.405	5.940
1 Singapore Dollar	SGD	2.984	2.803
1 United States Dollar	USD	4.021	3.777

(t) Borrowing Costs

Borrowing costs consist of interest and transaction costs that the Group and the Company incurred in connection with the borrowing of funds.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Transaction costs that are directly attributable to the issue of financial liabilities measured at amortised cost are amortised over the tenures of the respective financial liabilities at effective interest rates.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

(u) Share Capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved and declared for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group or of the Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

(w) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

(i) Dividend Income

Dividend income from investments in subsidiary and associated companies and joint ventures is recognised when the shareholders' right to receive the dividend payment is established. Dividend income from other investments is recognised on receipt basis.

(ii) Interest Income

Interest income from short term deposits and advances is recognised on an accrual basis, unless recoverability is in doubt.

(iii) Gaming Activities

Revenue from gaming activities is recognised based on ticket sales, net of gaming tax and GST relating to draw days within the financial year.

(iv) Gaming Equipment Sale

Revenue from the sale of gaming equipment, is recognised net of discounts and GST upon delivery of products and customer acceptance.

(v) Management Fee Income

Management fee income is recognised on an accrual basis.

(vi) Rental Income

Revenue from rental of investment properties and hotel operations are recognised on an accrual basis unless collection is in doubt, in which case it is recognised on receipt basis.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**3.2 Summary of Significant Accounting Policies (contd.)****(w) Revenue Recognition (contd.)**

(vii) Sale of Goods and Properties

Revenue is recognised when significant risks and rewards of ownership of the goods and properties have been passed to the buyer. Revenue is recognised net of sales and service tax, GST, VAT and discount, where applicable.

(viii) Theme Park Tickets, Car Park Tickets and Ferry Tickets

Revenue from sale of theme park tickets, car park tickets and ferry tickets is recognised when obligation to render services are discharged, net of GST.

(ix) Sales of Food and Beverage

Revenue from sale of food and beverage is recognised when food and beverage is served, net of service tax, GST and discounts, where applicable.

(x) Other Income

Other than the above, all other income is recognised on accrual basis.

(x) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statement of profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(y) Segment Information

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the chief operating decision maker of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

The Group adopts business segment analysis as its primary reporting format and geographical segment analysis as its secondary reporting format. The geographical segment information is prepared based on location of assets.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include items arising on investing or financing activities.

Segment assets include all operating assets used by a segment and do not include items arising on investing or financing activities.

Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimation judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Judgements Made in Applying Accounting Policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (CONTD.)****(a) Critical Judgements Made in Applying Accounting Policies (contd.)****(i) Classification between investment properties and property, plant and equipment (contd.)**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgements have been made by the Group that the portion held for administrative purposes is insignificant.

(ii) Leases - As lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(iii) Impairment of available-for-sale investments

The Group reviews its investments in equity instruments, which are classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group records impairment charges when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

During the current financial year, the Group impaired quoted equity investments with "significant" decline in fair value greater than 20%, and "prolonged" period greater than 12 months.

For the financial year ended 30 June 2016, the amount of impairment loss recognised for available-for-sale investments was RM13,590,000 (2015 : RM20,462,000) for the Group and RMNil (2015 : RM9,000) for the Company as disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

(a) Critical Judgements Made in Applying Accounting Policies (contd.)

(iv) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured at fair value, the Group has reviewed its investment property portfolios and concluded that its investment property portfolios are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the deferred tax on investment properties, the Group determined that the presumption that the carrying amounts of the investment properties measured at fair value are recovered through sale is not rebutted. As a result, the Group has measured deferred tax on changes in fair values of investment properties at real property gains tax rates as the gains from disposal of investment properties of the Group are subject to these tax rates.

(v) Additional assessments raised by the Inland Revenue Board of Malaysia (“IRB”)

The Inland Revenue Board of Malaysia (“IRB”) had previously issued Notice of Additional Assessment (“Form JA”) for Year of Assessment (YA) 2003 to Berjaya Times Square Sdn Bhd (“BTSSB”), a wholly-owned subsidiary company of the Group, amounting to RM448.23 million inclusive of tax penalty of RM139 million in accordance with Section 24(2)(a) of the Income Tax Act 1967. BTSSB proceeded to appeal against the additional assessment raised by IRB to the Dispute Resolution Department and it was held that the Form JA be set aside. Subsequently, on 21 September 2015, the IRB issued a Notice of Reduced Assessment (“Form JR”) to BTSSB to discharge the entire additional tax payable and tax penalty.

On 1 September 2016, the IRB issued Forms JA in accordance with Section 4(a) of the Income Tax Act 1967 on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014. The IRB has regarded the disposal of the investment properties to be in the ordinary course of the business of BTSSB as a property developer. The amount of additional taxes payable amounted to RM156.48 million, inclusive of tax penalties amounting to RM48.56 million.

The issuance of Forms JA occurred after the reporting period and at the end of the reporting period, BTSSB does not have a present legal or constructive obligation to settle the payments. As such, the Group has assessed that the additional assessments raised by the IRB as a non-adjusting event after the reporting period in accordance with MFRS 110: Events After the Reporting Period and is disclosed as a contingent liability in the financial statements.

(vi) Financial guarantee contracts

At each reporting date, the Company determines the fair value of the guarantees at initial recognition based on the likelihood of the guaranteed party defaulting within the guaranteed period and estimates the loss exposure (after considering the value of physical assets pledged for the loans/borrowings obtained from external financiers).

For the financial year ended 30 June 2016, the Company has assessed the existing financial guarantee contracts and determined that the guarantees are more likely not to be called upon by the financiers. Financial impact of such guarantees is not material.

**NOTES TO THE
FINANCIAL STATEMENTS**

- 30 JUNE 2016

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (CONTD.)****(a) Critical Judgements Made in Applying Accounting Policies (contd.)****(vii) Sale and buyback agreement**

On 3 June 2016, BTSSB entered into Sale and Purchase Agreements (“SPAs”) with an independent third party, Datuk Bandar Kuala Lumpur (“DBKL”) to dispose of two parcels of commercial premise (“Properties”) with carrying amount of RM82,650,000 for a total cash consideration of RM150.0 million. On the same day, BTSSB entered into Guaranteed Rental Return Agreements with DBKL to lease back the Properties for a period of 10 years (“Tenure”) and buy back the Properties after the Tenure.

The Group has assessed that the transaction is in the nature of a financing arrangement and merely a means by which DBKL provides finance to BTSSB, with the Properties as security. Hence, the amounts to be received and the buyback price is to be accounted for in accordance with the requirements in MFRS 139 Financial Instruments: Recognition and Measurement.

As of the date of the financial statements were authorised for issue, the said transactions are pending completion of the SPAs.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use (“VIU”) of the cash-generating unit (“CGU”) to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

During the financial year, the Group recognised an impairment loss in respect of goodwill allocated to the Group’s CGU identified to the gaming and related activities business segment as the carrying value of the CGU was assessed to be in excess of its VIU. The gaming and related activities business segment was affected by the rampant illegal gaming activities.

Details of goodwill are disclosed in Note 12.

(ii) Impairment of property, plant and equipment

The Group carried out the impairment test based on the assessment of the fair value of the respective assets’ or cash generating units’ (“CGUs”) fair value less costs to sell or based on the estimation of the value-in-use (“VIUs”) of the CGUs to which the property, plant and equipment are allocated. Estimating the VIUs requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of property, plant and equipment is disclosed in Note 5.

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4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

(b) Key Sources of Estimation Uncertainty (contd.)

(iii) Impairment of investments in subsidiary companies, joint ventures and associated company

The Group and the Company conduct an annual impairment review of their investments in subsidiary companies, joint ventures and associated company. The Group and the Company carried out the impairment test based on the assessment of the fair value less costs to sell of the investees' assets or CGUs or based on the estimation of the VIUs of the CGUs of the investees. Estimating the VIUs requires the Group and the Company to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss will be recognised if the carrying values of these CGUs are assessed to be in excess of their VIUs.

The annual impairment review resulted in the Company recognising a net impairment loss in respect of its investment in subsidiary companies. Details of the net impairment loss recognised are disclosed in Note 8.

No impairment losses have been recognised in respect of the investments in joint ventures and associated company.

The carrying amounts of investments in joint ventures and associated company of the Group are disclosed in Notes 9 and 10 respectively whilst the carrying amounts of investments in subsidiary companies of the Company are disclosed in Note 8.

(iv) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation.

(v) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Details of impairment of loans and receivables are disclosed in Note 14.

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**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (CONTD.)****(b) Key Sources of Estimation Uncertainty (contd.)****(vi) Income tax**

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 35.

(vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 25.

(viii) Fair values of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in the statement of profit or loss. The Group engaged independent professional valuers to determine fair value at the reporting date by reference to open market value using the Investment, Discounted Cash Flow, Comparison and Cost Methods.

(ix) Provision for minimum rental payable

In the prior financial years, a subsidiary company of the Group made a provision for minimum rental payable of USD886,000 (approximately RM3,563,000) upon the termination of a lease on a theatre system. The subsidiary company received a statement of accounts from the lessor stating that the amount owing to the lessor as RMNil balance. The management is of the view after consulting its legal advisors that this RMNil balance statement of accounts does not preclude the lessor from filing a claim for the minimum rental payable. As such, the provision should remain as included in Note 26.

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5 PROPERTY, PLANT AND EQUIPMENT

GROUP

As of 30 June 2016	Net carrying amount as of		Additions	Reclassification	Disposal/ Write off	Depre- ciation	Exchange differences	Net carrying amount as of
	1.7.2015	30.6.2016						
Freehold building	155,032	-	-	-	-	(4,107)	-	150,925
Long term leasehold land and buildings	110,289	-	-	-	-	(3,437)	-	106,852
Short term leasehold land and buildings	3,827	-	-	-	-	(102)	-	3,725
Plant, machinery and equipment	6,364	-	-	-	-	(843)	-	5,521
Computer equipment	6,267	339	-	-	-	(1,387)	(2)	5,217
Renovation	535	1,166	3,274	-	-	(825)	-	4,150
Furniture, fittings and office equipment	5,856	1,323	-	(3)	-	(1,024)	-	6,152
First aid and theme park equipment	44	30	-	-	-	(22)	-	52
Motor vehicles	1,585	287	-	-	-	(519)	(4)	1,349
Capital work-in-progress	2,354	3,035	(3,274)	-	-	-	(117)	1,998
Others	248	5	-	-	-	(44)	-	209
	292,401	6,185	-	(3)	(12,310)	(123)		286,150

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

5 PROPERTY, PLANT AND EQUIPMENT (contd.)

GROUP	Net carrying amount as of		Additions	Reclassification	Disposal/ Write off	Depre- ciation	Exchange differences	Net carrying amount as of	
	1.7.2014	30.6.2015						RM'000	RM'000
As of 30 June 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold building	159,139	-	-	-	-	(4,107)	-	-	155,032
Long term leasehold land and buildings	113,727	-	-	-	-	(3,438)	-	-	110,289
Short term leasehold land and buildings	3,928	-	-	-	-	(101)	-	-	3,827
Plant, machinery and equipment	7,192	15	-	-	-	(843)	-	-	6,364
Computer equipment	6,451	1,222	-	-	(69)	(1,337)	-	-	6,267
Renovation	739	30	-	-	-	(234)	-	-	535
Furniture, fittings and office equipment	5,075	1,315	-	279	(1)	(812)	-	-	5,856
First aid and theme park equipment	322	83	-	(279)	-	(82)	-	-	44
Motor vehicles	1,073	1,012	-	-	-	(504)	-	4	1,585
Capital work-in-progress	585	1,718	-	-	-	-	-	51	2,354
Others	295	-	-	-	(3)	(44)	-	-	248
	298,526	5,395	-	(73)	(11,502)	55	-	-	292,401

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP

As of 30 June 2016	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000
Freehold building	195,485	44,560	150,925
Long term leasehold land and buildings	118,310	11,458	106,852
Short term leasehold land and buildings	5,074	1,349	3,725
Plant, machinery and equipment	15,545	10,024	5,521
Computer equipment	14,703	9,486	5,217
Renovation	13,170	9,020	4,150
Furniture, fittings and office equipment	13,197	7,045	6,152
First aid and theme park equipment	38,590	38,538	52
Cinema fixtures, fittings and equipment	500	500	-
Motor vehicles	4,122	2,773	1,349
Capital work-in-progress	1,998	-	1,998
Others	892	683	209
	421,586	135,436	286,150

As of 30 June 2015

Freehold building	195,485	40,453	155,032
Long term leasehold land and buildings	118,310	8,021	110,289
Short term leasehold land and buildings	5,074	1,247	3,827
Plant, machinery and equipment	15,566	9,202	6,364
Computer equipment	14,366	8,099	6,267
Renovation	8,730	8,195	535
Furniture, fittings and office equipment	11,988	6,132	5,856
First aid and theme park equipment	38,560	38,516	44
Cinema fixtures, fittings and equipment	500	500	-
Motor vehicles	3,803	2,218	1,585
Capital work-in-progress	2,354	-	2,354
Others	894	646	248
	415,630	123,229	292,401

(a) The net carrying amount of property, plant and equipment held under hire purchase arrangements of the Group are as follows:

	Group	
	2016 RM'000	2015 RM'000
Computer equipment	61	-
Renovation	885	-
Motor vehicles	114	128
Furniture, fittings and office equipment	463	-
	1,523	128

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (b) The net carrying amounts of property, plant and equipment pledged to financial institutions for credit facilities granted to the Group, as referred to in Notes 21 and 22 are as follows:

	Group	
	2016 RM'000	2015 RM'000
Freehold building	150,925	155,032
Long term leasehold land and buildings	106,852	110,289
Plant, machinery and equipment	5,460	6,279
Computer equipment	1,165	530
Renovation	3,003	384
Furniture, fittings and office equipment	4,773	5,577
First aid and theme park equipment	52	44
Motor vehicles	788	857
Capital work-in-progress	295	1,047
	273,313	280,039

- (c) Included in the cost of property, plant and equipment of the Group are fully depreciated assets which are still in use:

	Group	
	2016 RM'000	2015 RM'000
At cost:		
Plant, machinery and equipment	7,219	7,240
Furniture, fittings and office equipment	3,571	4,725
Computer equipment	2,827	1,155
Renovation	7,295	7,283
First aid and theme park equipment	38,354	38,329
Motor vehicles	1,521	502
Cinema fixtures, fittings and equipment	500	500
Others	447	451
	61,734	60,185

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

COMPANY

	Net carrying amount as of 1.7.2015 / 1.7.2014 RM'000	Additions RM'000	Depre- ciation RM'000	Disposal RM'000	Net carrying amount as of 30.6.2016 / 30.6.2015 RM'000
As of 30 June 2016					
Computer equipment	24	-	(10)	-	14
Office equipment	-	-	-	-	-
Motor vehicle	128	-	(28)	-	100
	152	-	(38)	-	114

As of 30 June 2015

Computer equipment	21	13	(10)	-	24
Office equipment	-	1	-	(1)	-
Motor vehicle	-	142	(14)	-	128
	21	156	(24)	(1)	152

As of 30 June 2016

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000
Computer equipment	70	56	14
Motor vehicle	142	42	100
	212	98	114

As of 30 June 2015

Computer equipment	70	46	24
Motor vehicle	142	14	128
	212	60	152

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

6 INVESTMENT PROPERTIES

	Group	
	2016 RM'000	2015 RM'000
At fair value :		
As of 1 July 2015/2014	2,475,216	2,117,775
Fair value changes	635	2,482
Additions during the year	16,482	341,797
Disposals during the year	(2,930)	(8,627)
Exchange differences	(24,105)	21,789
As of 30 June 2016/2015	<u>2,465,298</u>	<u>2,475,216</u>

During the financial year, BTSSB has entered into Sale and Purchase Agreements (“SPAs”) with an independent third party, Datuk Bandar Kuala Lumpur (“DBKL”) to dispose of two parcels of commercial premise (“Properties”) with carrying amount of RM82,650,000 for a total cash consideration of RM150.0 million as disclosed in Note 46(b). As of the date of the financial statements were authorised for issue, the said transactions are pending completion of the SPAs.

Investment properties amounting to RM2,455,948,000 (2015 : RM2,465,866,000) have been pledged to financial institutions for credit facilities as referred to in Notes 21 and 22.

Included in the investment properties are RM466,429,000 (2015 : RM490,534,000) representing investment properties held under lease terms.

The fair values of the Group’s investment properties at 30 June 2016 have been arrived at on the basis of a valuation carried out by independent valuers which have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined primarily based on Investment, Discounted Cash Flow, Comparison and Cost Methods. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair value hierarchy disclosures for investment properties have been provided in Note 42.

7 LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2016 RM'000	2015 RM'000
As of 1 July 2015/2014:		
Freehold land cost	95,071	27,104
Additions during the year:		
Land reclamation premium cost	-	68,418
Development costs	2,238	12
Reversal of impairment/(Impairment) during the year	463	(463)
As of 30 June 2016/2015	<u>97,772</u>	<u>95,071</u>

8 SUBSIDIARY COMPANIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares at cost	1,424,279	1,174,278
Less: Accumulated impairment (Note 32)	(90,920)	(702)
	<u>1,333,359</u>	<u>1,173,576</u>

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

8 SUBSIDIARY COMPANIES (CONTD.)

The Group's equity interest in the subsidiary companies, details of their respective principal activities and countries of incorporation are shown in Note 48.

As of 30 June 2016, the Company conducted an impairment review of the investments in certain subsidiary companies, principally based on the assumptions and calculations detailed in Note 12 and the Company's share of net assets in these subsidiary companies, which represents the directors' estimation of fair value less costs to sell of these subsidiary companies.

The review gave rise to recognition of a net impairment loss of investment in subsidiary companies of RM90,218,000 (2015: RM702,000) as disclosed in Note 32.

(a) The changes to the composition of the Group for the financial year ended 30 June 2016 are as follows:

- (i) Acquisition of 100% equity interest comprising 2 ordinary shares of RM1.00 each in Aroma Kiara Sdn Bhd ("AKSB") for a total cash consideration of RM2.00. AKSB is presently dormant and the intended principal activity is investment holding. The acquisition of AKSB did not have any material effect on the financial results of the Group as the said company has remained dormant subsequent to the acquisition; and
- (ii) Acquisition of the remaining 20% equity interest in Berjaya Times Square Sdn Bhd ("BTSSB") for a total cash consideration of RM250.0 million or at RM1.67 per BTSSB share. Consequently, BTSSB became a wholly-owned subsidiary company of the Company.

(b) Subsidiary companies with material non-controlling interests

Set out below are the non-controlling interests of the subsidiary companies which the Group regards as material to the Group. The equity interests held by non-controlling interests are as follows:

	Equity interest held by non-controlling interests	
	2016 %	2015 %
BTSSB (on a consolidated basis)	-	20
Berjaya UK Investment and Development Ltd ("BIDL")	30	30
Natural Avenue Sdn Bhd ("NASB")	35	35

	Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
BTSSB (on a consolidated basis)	-	9,848	-	406,412
BIDL	(101)	(2,187)	9,118	10,103
NASB	4,739	4,661	2,481	1,418
Individually immaterial subsidiary companies with non-controlling interests	2,750	(1,056)	(2,424)	(1,222)
	<u>7,388</u>	<u>11,266</u>	<u>9,175</u>	<u>416,711</u>

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

8 SUBSIDIARY COMPANIES (CONTD.)

(b) Subsidiary companies with material non-controlling interests (contd.)

Summarised financial information of the subsidiary companies which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

Group

As of 30 June 2016	BTSSB RM'000	BIDL RM'000	NASB RM'000	Total RM'000
Non-current assets	-	245,507	9,797	255,304
Current assets	-	8,226	16,202	24,428
Non-current liabilities	-	(178,365)	(1,190)	(179,555)
Current liabilities	-	(44,974)	(17,720)	(62,694)
Net assets	-	30,394	7,089	37,483
Equity attributable to:				
- owners of the parent	-	30,394	7,089	37,483
- non-controlling interests	-	-	-	-
Total equity	-	30,394	7,089	37,483
As of 30 June 2015				
Non-current assets	2,645,664	269,219	11,095	2,925,978
Current assets	296,072	9,467	7,578	313,117
Non-current liabilities	(507,350)	(171,503)	(1,459)	(680,312)
Current liabilities	(402,153)	(73,507)	(13,165)	(488,825)
Net assets	2,032,233	33,676	4,049	2,069,958
Equity attributable to:				
- owners of the parent	2,032,059	33,676	4,049	2,069,784
- non-controlling interests	174	-	-	174
Total equity	2,032,233	33,676	4,049	2,069,958
Group				
Year ended 30 June 2016				
Revenue	-	12,575	190,239	202,814
(Loss)/Profit for the year	-	(288)	13,540	13,252
Other comprehensive income	-	36	-	36
Total comprehensive income	-	(252)	13,540	13,288
(Loss)/Profit for the year attributable to:				
- owners of the parent	-	(288)	13,540	13,252
- non-controlling interests	-	-	-	-
	-	(288)	13,540	13,252

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- 30 JUNE 2016

8 SUBSIDIARY COMPANIES (CONTD.)

(b) Subsidiary companies with material non-controlling interests (contd.)

Group	BTSSB RM'000	BIDL RM'000	NASB RM'000	Total RM'000
Year ended 30 June 2016				
Total comprehensive income attributable to:				
- owners of the parent	-	(252)	13,540	13,288
- non-controlling interests	-	-	-	-
	-	(252)	13,540	13,288
Net cash generated from/(used in):				
- operating activities	-	8,014	18,903	26,917
- investing activities	-	(604)	173	(431)
- financing activities	-	(8,324)	(10,500)	(18,824)
Net change in cash and cash equivalents	-	(914)	8,576	7,662
Dividends paid to non-controlling interests	-	-	(3,675)	(3,675)
Year ended 30 June 2015				
Revenue	176,623	8,864	224,697	410,184
Profit/(Loss) for the year	48,253	(7,291)	13,316	54,278
Other comprehensive income	(9,103)	(651)	-	(9,754)
Total comprehensive income	39,150	(7,942)	13,316	44,524
Profit/(Loss) for the year attributable to:				
- owners of the parent	48,950	(7,291)	13,316	54,975
- non-controlling interests	(697)	-	-	(697)
	48,253	(7,291)	13,316	54,278
Total comprehensive income attributable to:				
- owners of the parent	39,847	(7,942)	13,316	45,221
- non-controlling interests	(697)	-	-	(697)
	39,150	(7,942)	13,316	44,524
Net cash generated from/(used in):				
- operating activities	88,717	20,722	12,115	121,554
- investing activities	(168,374)	(229,018)	(249)	(397,641)
- financing activities	64,188	210,948	(16,500)	258,636
Net change in cash and cash equivalents	(15,469)	2,652	(4,634)	(17,451)
Dividends paid to non-controlling interests	(6,600)	-	(5,775)	(12,375)

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

9 ASSOCIATED COMPANY

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares at cost	530	530
Share of post acquisition reserves	(30)	(30)
	500	500
Less : Intragroup adjustments	(500)	(500)
	-	-

The Group's investment in the associated company which has interest in a subsidiary company of the Group has been eliminated on consolidation.

The details of the associated company are set out in Note 48.

Summarised financial information in respect of the associated company of the Group is set out below. The summarised financial information presented below represents the amounts in the financial statements of the associated company and not the Group's share of those amounts.

Group		
Megaquest Sdn Bhd		
As of 30 June 2016/2015	2016 RM'000	2015 RM'000
Non-current assets	54	59
Current assets	1,657	1,626
Non-current liabilities	-	-
Current liabilities	(8)	(8)
Net assets	1,703	1,677
Net assets attributable to:		
Owners of the associated company	1,703	1,677
Non-controlling interests of the associated company	-	-
	1,703	1,677
Year ended 30 June 2016/2015		
Revenue	2	3
Profit for the year	26	10
Other comprehensive income	-	-
Total comprehensive income	26	10
Profit for the year, representing total comprehensive income attributable to owners of the associated company	26	10
Dividends received from the associated company during the year	-	-

NOTES TO THE FINANCIAL STATEMENTS

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9 ASSOCIATED COMPANY (CONTD.)

Reconciliation of the summarised financial information presented above to the carrying value of the Group's interest in the associated company

Group	2016 RM'000	2015 RM'000
Megaquest Sdn Bhd		
Attributable to the owners of associated company:		
Net assets at 1 July 2015/2014	1,677	1,667
Profit for the year	26	10
Net assets at 30 June 2016/2015	<u>1,703</u>	<u>1,677</u>
Group's equity interest (%)	50	50
Interest in net assets of associated company	852	839
Less: Intragroup adjustments	(852)	(839)
Carrying value of Group's interest in the associated company	<u>-</u>	<u>-</u>

10 JOINT VENTURES

	Group	
	2016 RM'000	2015 RM'000
Unquoted investments, at cost:		
Ordinary shares	3,845	3,845
Redeemable Preference Shares ("RPS")	9,945	7,095
Share of post acquisition reserves	(491)	299
Exchange differences	80	361
	<u>13,379</u>	<u>11,600</u>
Share application monies in respect of RPS issuance	3,000	2,850
	<u>16,379</u>	<u>14,450</u>

During the financial year, Jernih Wiramas Sdn Bhd ("JWSB"), a wholly-owned subsidiary company of the Company subscribed for an additional 2,850 RPS of RM0.01 each at RM1,000 per RPS in TREC Holdings Sdn Bhd ("TREC"), a company incorporated in Malaysia, for a total cash consideration of RM2,850,000.

In the previous financial year, JWSB subscribed for an additional 75,000 ordinary shares of RM1.00 each in TREC for a cash consideration of RM75,000 and also, subscribed for an additional 4,065 RPS of RM0.01 each at RM1,000 per RPS in TREC for a total cash consideration of RM4,065,000.

The salient terms of TREC's RPS are as follows:

- (a) The RPS shall be issued in registered form in denominations or multiples of RM1,000.00 each;
- (b) No dividend shall be payable on the RPS; and
- (c) The RPS is redeemable at 100% of its issue price at the discretion of TREC at any time but always subject to the requirements of Section 61 of the Companies Act, 1965.

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10 JOINT VENTURES (CONTD.)

Details of the joint ventures are as follows:

Name of Joint Ventures	Paid-up Capital	Proportion of ownership interest held by the Group		Principal Activities
		2016 %	2015 %	
Berjaya - GSC Sdn Bhd ("BGSB")	RM5,000,000	50	50	Cinema operations
Cardiff City (House of Sport) Limited	GBP500,000 (approximately RM2,702,500)	50	50	Development and running of a sports and leisure academy
TREC Holdings Sdn Bhd ("TREC")	RM350,000	30	30	Letting of properties and maintenance

The Group regards TREC and BGSB as its material joint ventures.

Summarised financial information in respect of the material joint ventures of the Group is set out below. The summarised financial information presented below represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

Group As of 30 June 2016	TREC RM'000	BGSB RM'000	Total RM'000
Non-current assets	48,263	6,596	54,859
Current assets	11,739	4,049	15,788
Non-current liabilities	(20,489)	(306)	(20,795)
Current liabilities	(8,614)	(2,451)	(11,065)
Net assets	<u>30,899</u>	<u>7,888</u>	<u>38,787</u>
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	5,721	3,337	9,058
Current financial liabilities (excluding trade and other payables and provision)	-	188	188
Non-current financial liabilities (excluding trade and other payables and provision)	(20,489)	-	(20,489)
As of 30 June 2015			
Non-current assets	25,085	6,507	31,592
Current assets	4,770	4,458	9,228
Non-current liabilities	-	(275)	(275)
Current liabilities	(4,123)	(3,220)	(7,343)
Net assets	<u>25,732</u>	<u>7,470</u>	<u>33,202</u>

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

10 JOINT VENTURES (CONTD.)

Group As of 30 June 2015 (contd.)	TREC RM'000	BGSB RM'000	Total RM'000
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	71	3,766	3,837
Current financial liabilities (excluding trade and other payables and provision)	-	187	187
Non-current financial liabilities (excluding trade and other payables and provision)	-	-	-

Year ended 30 June 2016

Revenue	3,690	9,069	12,759
(Loss)/Profit for the year, representing total comprehensive income for the year	(5,172)	418	(4,754)

The above (loss)/profit for the year includes the following:

Depreciation and amortisation	98	1,305	1,403
Finance costs	451	-	451
Interest income	-	97	97
Dividends received from the joint venture during the year	-	-	-

Year ended 30 June 2015

Revenue	-	10,767	10,767
(Loss)/Profit for the year, representing total comprehensive income for the year	(4,173)	643	(3,530)

The above (loss)/profit for the year includes the following:

Depreciation and amortisation	44	2,138	2,182
Interest income	-	67	67
Dividends received from the joint venture during the year	-	-	-

Reconciliation of the summarised financial information presented above to the carrying value of the Group's interest in the joint ventures

Group 2016	TREC RM'000	BGSB RM'000	Total RM'000
Net assets at 1 July 2015	17,026	7,470	24,496
Issuance of RPS during the year	9,500	-	9,500
(Loss)/Profit for the year, representing total comprehensive income for the year	(5,172)	418	(4,754)
Net assets at 30 June 2016	21,354	7,888	29,242
Share application monies in respect of RPS issuance	9,545	-	9,545
	30,899	7,888	38,787

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

10 JOINT VENTURES (CONTD.)

Reconciliation of the summarised financial information presented above to the carrying value of the Group's interest in the joint ventures (contd.)

Group 2016	TREC RM'000	BGSB RM'000	Total RM'000
Group's equity interest (%)	30	50	-
Interests in joint ventures	6,406	3,944	10,350
Share application monies in respect of RPS issuance	3,000	-	3,000
Goodwill	159	-	159
Carrying value of Group's interest in the joint ventures	<u>9,565</u>	<u>3,944</u>	<u>13,509</u>
2015			
Net assets at 1 July 2014	7,400	6,827	14,227
Issuance of ordinary shares during the year	250	-	250
Issuance of RPS during the year	13,549	-	13,549
(Loss)/Profit for the year, representing total comprehensive income for the year	(4,173)	643	(3,530)
Net assets at 30 June 2015	<u>17,026</u>	<u>7,470</u>	<u>24,496</u>
Share application monies in respect of RPS issuance	8,706	-	8,706
	<u>25,732</u>	<u>7,470</u>	<u>33,202</u>
Group's equity interest (%)	30	50	
Interests in joint ventures	5,108	3,735	8,843
Share application monies in respect of RPS issuance	2,850	-	2,850
Goodwill	159	-	159
Carrying value of Group's interest in the joint ventures	<u>8,117</u>	<u>3,735</u>	<u>11,852</u>

Aggregate information of a joint venture that is not individually material

Group	2016 RM'000	2015 RM'000
The Group's share of profit for the year, representing total comprehensive income for the year	552	480
Aggregate carrying amount of the Group's interest in the joint venture	<u>2,870</u>	<u>2,598</u>

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11 OTHER INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Quoted shares in Malaysia at fair value	152,157	149,615	530	1,748
Quoted loan stocks in Malaysia at fair value	10,451	14,753	-	138
Quoted warrants in Malaysia at fair value	1,436	1,724	26	32
Unquoted loan stocks outside Malaysia at cost	3,731	3,731	-	-
Malaysian Government Securities at cost	1,010	1,012	-	-
Total investments	168,785	170,835	556	1,918
Market value of: Malaysian Government Securities	1,036	1,017	-	-

As of 30 June 2016, the investments in quoted shares, loan stocks and warrants included certain investments in affiliated companies, Berjaya Corporation Berhad ("BCorp"), Berjaya Land Berhad, Berjaya Media Berhad and Berjaya Sports Toto Berhad with a net carrying amount of RM60,929,000 (2015 : RM67,759,000), RM96,964,000 (2015 : RM92,748,000), RM985,000 (2015 : RM1,087,000) and RM3,031,000 (2015 : RM3,270,000) respectively.

Certain quoted investments of the Group with fair value of RM149,636,000 (2015 : RM161,258,000) have been pledged to financial institutions for credit facilities granted to certain of its subsidiary companies.

As of 30 June 2016, quoted loan stocks in Malaysia designated as available-for-sale equity investments comprise investments in 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 issued by BCorp ("5% BCorp ICULS"). The 5% BCorp ICULS at nominal value of RM1.00 each are constituted by a Trust Deed dated 9 April 2012 between BCorp and the Trustee for the holders of 5% BCorp ICULS.

The main features of 5% BCorp ICULS are as follows:

- The 5% BCorp ICULS shall be convertible into ordinary shares of BCorp during the period from 26 April 2012 to the maturity date on 25 April 2022 at the rate of one RM1.00 nominal value of 5% BCorp ICULS for one ordinary share of RM1.00 in BCorp;
- Upon the conversion of the 5% BCorp ICULS into new BCorp ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of BCorp in issue at the time of conversion except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the 5% BCorp ICULS are converted or any interim dividend declared prior to the date of conversion of the 5% BCorp ICULS; and
- The interest on the 5% BCorp ICULS is payable semi-annually in arrears.

NOTES TO THE FINANCIAL STATEMENTS

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11 OTHER INVESTMENTS (CONTD.)

Unquoted loan stocks outside Malaysia designated as available-for-sale debt investments comprise investment in 3% RCULS issued by a joint venture, Cardiff City (House of Sport) Limited ("Cardiff"). The 3% RCULS as of nominal value GBP1.00 each are constituted by a deed dated 30 November 2010 between Cardiff and the holders of 3% RCULS. The main features of 3% RCULS are as follows:

- The 3% RCULS shall be convertible into ordinary shares of Cardiff during the period from 30 November 2010 to the maturity date on 29 November 2016 at the rate of one GBP1.00 nominal value of 3% RCULS for one GBP1.00 ordinary share of Cardiff;
- Upon conversion of the 3% RCULS into new Cardiff ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of Cardiff in issue at the time of conversion except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which 3% RCULS are converted or any interim dividend declared prior to the date of conversion of 3% RCULS; and
- The interest on 3% RCULS is payable semi-annually in arrears.

The Group and the Company also recognised an impairment amounting to RM13,590,000 and RMNil (2015 : RM20,462,000 and RM9,000) respectively in respect of certain quoted investments designated as available-for-sale financial assets due to significant decline of more than 20% in the fair values of these investments below their costs.

The investment in Malaysian Government Securities has been pledged to the Malaysian Government as security in compliance with the terms and conditions for the issuance of gaming licence by the Minister of Finance.

Further details on fair value hierarchy and classification of other investments are disclosed in Notes 42 and 43 respectively.

12 INTANGIBLE ASSETS

Group

	Goodwill on consolidation RM'000	Rights RM'000	Franchise fees RM'000	Total RM'000
Cost				
As of 1 July 2014				
and as of 30 June 2015	199,955	28,243	-	228,198
Additions during the year	-	-	823	823
As of 30 June 2016	199,955	28,243	823	229,021

Accumulated amortisation and impairment

As of 1 July 2014	59,319	11,776	-	71,095
Amortisation (Note 34)	-	1,101	-	1,101
As of 30 June 2015	59,319	12,877	-	72,196
Impairment (Note 32)	59,029	-	-	59,029
Amortisation (Note 34)	-	1,101	55	1,156
As of 30 June 2016	118,348	13,978	55	132,381

NOTES TO THE FINANCIAL STATEMENTS

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12 INTANGIBLE ASSETS (CONTD.)

Group

	Goodwill on consolidation RM'000	Rights RM'000	Franchise fees RM'000	Total RM'000
Net carrying amount				
As of 30 June 2016	81,607	14,265	768	96,640
As of 30 June 2015	140,636	15,366	-	156,002

Rights

Comprises the rights to receive Special Cash Sweep Lottery royalty revenue. The intangible asset is amortised over the remaining tenure of the rights expiring on 9 November 2029.

Franchise fees

Comprises the fees paid in respect of the opening of "Greyhound" Café. The intangible asset is amortised over the period of the agreement of 5 years from the date when the respective café commences operations.

Impairment test for goodwill on consolidation

Goodwill on consolidation of RM81,580,000 (2015 : RM140,609,000) and RM27,000 (2015 : RM27,000) have been allocated to the Group's CGUs identified to the gaming and related activities business segment and the property investment business segment respectively.

During the financial year, the Group recognised an impairment loss in respect of goodwill allocated to the Group's CGU identified to the gaming and related activities business segment amounting to RM59,029,000 (2015: RMNil) as the carrying value of the CGU was assessed to be in excess of its VIU. The recoverable amount of this intangible asset is the Group's share of VIU which amounted to RM99,243,000 (2015: RM159,721,000) as of the reporting date.

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period. The key assumptions used for value-in-use calculations are:

- (i) Budgeted gross margins
The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements, market and economic conditions and internal resource efficiency, where applicable.
- (ii) Growth rate
The long term annual growth rate of 4.3% (2015 : 5.5%) used is consistent with the average long term annual growth rate for the relevant industries.
- (iii) Discount rate
The pre-tax discount rate used for identified CGUs of 13.00% (2015 : 13.00%) is on a basis that reflect specific risks relating to the CGU.

NOTES TO THE FINANCIAL STATEMENTS

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12 INTANGIBLE ASSETS (CONTD.)

Sensitivity to changes in assumptions

For the gaming and related activities business segment, which goodwill has been impaired in the current year, its recoverable amount based on VIU computation remains sensitive towards possible negative changes in revenue growth rate due to the continued rampant illegal gaming activities.

Should the annual revenue growth rate of the forecast year ending 30 June 2017 decrease by 1%, the carrying amount of the goodwill of the gaming and related activities business segment is expected to be further impaired by RM1,659,000.

13 INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost :		
Finished goods and consumables	622	747
Ticket inventories	315	525
Gaming equipment	449	425
	<u>1,386</u>	<u>1,697</u>
At net realisable value :		
Properties held for sale	194,906	194,906
	<u>196,292</u>	<u>196,603</u>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM16,287,000 (2015 : RM17,240,000).

Properties held for sale are pledged to financial institutions for credit facilities as referred to in Note 21.

14 RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>CURRENT</u>				
Trade receivables				
Third parties (Note a)	16,392	14,244	-	-
Less: Allowance for impairment	(12,325)	(9,618)	-	-
Trade receivables, net	<u>4,067</u>	<u>4,626</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

14 RECEIVABLES (CONTD.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>CURRENT</u>				
Other receivables (Note b)				
Sundry receivables	14,626	10,201	3	1
Deposits	2,986	2,943	1	1
Amounts due from:				
- affiliated companies	2,478	3,336	-	-
- a joint venture	1,525	1,469	-	-
- subsidiary companies	-	-	363,396	350,092
GST recoverable	55	6,142	54	9
	<u>21,670</u>	<u>24,091</u>	<u>363,454</u>	<u>350,103</u>
Other current assets				
Deposits for acquisition of assets	560	560	-	-
Deposit for acquisition of investments	7,186	2,000	-	-
Prepayments	4,334	4,415	65	25
	<u>12,080</u>	<u>6,975</u>	<u>65</u>	<u>25</u>
Total current receivables	<u>37,817</u>	<u>35,692</u>	<u>363,519</u>	<u>350,128</u>
<u>NON-CURRENT</u>				
Other receivables (Note b)				
Amounts due from:				
- subsidiary companies	-	-	74,311	-
Total non-current receivables	<u>-</u>	<u>-</u>	<u>74,311</u>	<u>-</u>
Total receivables	<u>37,817</u>	<u>35,692</u>	<u>437,830</u>	<u>350,128</u>

(a) Trade receivables

The Group's trade receivables are non-interest bearing with credit terms ranging from 7 to 30 (2015 : 7 to 30) days. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

14 RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	Group	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	1,195	358
1 to 30 days past due not impaired	1,377	2,633
31 to 60 days past due not impaired	529	413
61 to 90 days past due not impaired	123	370
91 to 120 days past due not impaired	38	186
More than 120 days past due not impaired	805	666
	2,872	4,268
Impaired	12,325	9,618
	<u>16,392</u>	<u>14,244</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,872,000 (2015 : RM4,268,000) that are past due at the reporting date but not impaired as there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Group's trade receivables that are individually assessed and impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2016 RM'000	2015 RM'000
Trade receivables - nominal amounts	12,325	9,618
Less: Allowance for impairment	(12,325)	(9,618)
	<u>-</u>	<u>-</u>
Movement in allowance account:		
As of 1 July 2015/2014	9,618	8,101
Charge for the year (Note 34)	3,987	1,726
Reversal of impairment (Note 34)	(1,266)	(194)
Written off	(14)	(15)
As of 30 June 2016/2015	<u>12,325</u>	<u>9,618</u>

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

14 RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Management conducts periodic assessment on its receivable balances on account by account basis. Hence, all impairments are provided for specific receivable balances. Management are of the opinion that there are no further factors that warrants the consideration of additional impairment on a collective basis.

(b) Other receivables

The amounts due from subsidiary companies, affiliated companies and a joint venture are unsecured, interest bearing and repayable on demand.

The amounts due from certain subsidiary companies have been classified as non-current assets as the Company has reassessed that it does not intend to call for the payments of these amounts within the next 12 months.

15 CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	40,564	64,066	5,179	1,747
Cash on hand and at banks	36,791	22,890	33	24
	<u>77,355</u>	<u>86,956</u>	<u>5,212</u>	<u>1,771</u>

Deposits with licensed banks of the Group amounting to RM2,888,000 (2015 : RM1,324,000) are pledged to bank for banks guarantee facilities granted to certain subsidiary companies of the Group.

Included in deposits with licensed banks and cash on hand and at banks of the Group are monies held in debt service reserve accounts amounting to RM25,425,000 (2015 : RM63,246,000) which are restricted in usage and do not form part of cash and cash equivalents.

The range of interest rates of the Group during the financial year and the range of maturities of deposits of the Group as at the end of financial year were as follows:

	Range of interest rates		Range of maturities	
	2016 %	2015 %	2016 Days	2015 Days
Licensed banks	<u>1.72 - 3.16</u>	<u>1.90 - 3.10</u>	<u>1 - 63</u>	<u>1 - 63</u>

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16 SHARE CAPITAL

	Group and Company			
	Ordinary shares <--- of RM1.00 each --->			
	No. of shares		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
As of 1 July 2015/2014 and as of 30 June 2016/2015	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid:				
As of 1 July 2015/2014 and as of 30 June 2016/2015	1,113,042	1,113,042	1,113,042	1,113,042

Warrants 2008/2018

On 18 March 2008, the Company issued 415,982,348 free detachable Warrants 2008/2018 pursuant to the Rights Issue.

The Warrants were constituted by a Deed Poll dated 12 February 2008 and the main features of the Warrants are as follows:

- Each warrant entitles the holder to subscribe for 1 new ordinary share of RM1.00 each in the Company at a price of RM1.00 per share;
- The Warrants may be exercised at any time up to 17 March 2018; and
- The shares arising from the exercise of Warrants shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

As of the reporting date, all Warrants issued remain unexercised.

17 SHARE PREMIUM

	Group and Company	
	2016 RM'000	2015 RM'000
As of 1 July 2015/2014 and as of 30 June 2016/2015	258,985	258,985

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

18 AVAILABLE-FOR-SALE RESERVE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
As of 1 July 2015/2014	25,416	46,799	1,146	1,240
Changes in fair values of available-for-sale financial assets during the year	7,044	(19,579)	(183)	(94)
Transfer to statement of profit or loss upon disposal	(790)	(1,804)	(790)	-
Acquisition of remaining equity interest in a subsidiary company	(1,189)	-	-	-
As of 30 June 2016/2015	<u>30,481</u>	<u>25,416</u>	<u>173</u>	<u>1,146</u>

Available-for-sale reserve represents the cumulative fair value changes, net of tax, if applicable, of available-for-sale financial assets until they are disposed of or impaired.

19 FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2016 RM'000	2015 RM'000
As of 1 July 2015/2014	7,178	2,329
Current year movement	380	4,849
As of 30 June 2016/2015	<u>7,558</u>	<u>7,178</u>

20 RETAINED EARNINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
As of 1 July 2015/2014	708,901	658,491	99,302	82,230
Total comprehensive income for the year	(54,122)	72,711	11,802	39,333
Dividends (Note 37)	(11,130)	(22,261)	(11,130)	(22,261)
Partial disposal of a subsidiary company	-	(40)	-	-
Acquisition of remaining equity interest in a subsidiary company	137,149	-	-	-
As of 30 June 2016/2015	<u>780,798</u>	<u>708,901</u>	<u>99,974</u>	<u>99,302</u>

The entire retained earnings of the Company is available for distribution as single tier dividends.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

21 BANK BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term borrowings				
Secured:				
Term loans	92,726	207,220	-	-
Revolving credit facility	4,924	5,000	-	-
Margin account	11,543	11,916	-	-
Bank overdraft	9,800	7,522	-	-
	<u>118,993</u>	<u>231,658</u>	<u>-</u>	<u>-</u>
Long term borrowings				
Secured:				
Term loans	572,125	314,710	247,700	-
	<u>572,125</u>	<u>314,710</u>	<u>247,700</u>	<u>-</u>
Total borrowings				
Secured:				
Term loans	664,851	521,930	247,700	-
Revolving credit facility	4,924	5,000	-	-
Margin account	11,543	11,916	-	-
Bank overdraft	9,800	7,522	-	-
	<u>691,118</u>	<u>546,368</u>	<u>247,700</u>	<u>-</u>

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Maturity of borrowings				
Not later than 1 year	118,993	231,658	-	-
Later than 1 year and not later than 2 years	67,709	118,065	12,500	-
Later than 2 years and not later than 5 years	317,364	196,645	100,000	-
More than 5 years	187,052	-	135,200	-
	<u>691,118</u>	<u>546,368</u>	<u>247,700</u>	<u>-</u>

The interest rates per annum for borrowings are as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Term loans	3.56 to 7.35	3.56 to 6.85	6.85 to 7.35	-
Revolving credit facility	5.72	5.96	-	-
Margin account	7.60	7.85	-	-
Bank overdraft	8.85	8.85	-	-

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21 BANK BORROWINGS (CONTD.)

The borrowings are secured by the following:

- (i) investment properties and a debenture over assets of certain subsidiary companies of the Group;
- (ii) the assignment of sales proceeds, future rental and insurance policies by Berjaya Times Square Sdn Bhd ("BTSSB") for the entire development project;
- (iii) a third party first fixed and floating charge over a parcel of land held under documents title HS(D) 13720 Lot No. PT 17201, Pahang and/or any other lands valued at not less than RM32 million;
- (iv) a guarantee from a director of BTSSB and major shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun;
- (v) quoted investments of the Group;
- (vi) the Company's shares in BTSSB; and
- (vii) corporate guarantee by the Company.

22 SENIOR BONDS

On 1 June 2012, a subsidiary company issued a series of serial fixed rate bonds amounting to RM160.0 million nominal value comprising the following series ("Senior Bonds"):

Series	Maturity	Interest rate p.a (%)	Nominal value RM'000	Group At amortised cost	
				2016 RM'000	2015 RM'000
1	1 June 2017	5.75	40,000	39,896	39,786
2	1 June 2018	5.85	40,000	39,817	39,729
3	31 May 2019	6.00	80,000	79,521	79,376
			160,000	159,234	158,891
Maturity of Senior Bonds					
Not later than 1 year				39,896	-
Later than 1 year and not later than 2 years				39,817	39,786
Later than 2 years and not later than 5 years				79,521	119,105
				159,234	158,891

The Senior Bonds are secured by:

- (a) 5 levels of basement car park and 13 levels of annexed car park located at Berjaya Times Square, No.1 Jalan Imbi, Kuala Lumpur;
- (b) legal assignment of the put option agreement entered into by the subsidiary company and BTSSB, whereby the subsidiary company has the right to sell back the car park to BTSSB at the outstanding amount of the Senior Bonds upon its maturity or on the occurrence of an event of default; and
- (c) corporate guarantees by the Company and BTSSB.

NOTES TO THE FINANCIAL STATEMENTS

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23 HIRE PURCHASE LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum lease payments:				
Not later than 1 year	382	27	28	27
Later than 1 year and not later than 2 years	381	27	27	27
Later than 2 years and not later than 5 years	956	69	41	69
	1,719	123	96	123
Less: Future finance charges	(357)	(18)	(14)	(18)
Present value of hire purchase liabilities	1,362	105	82	105
Present value of hire purchase liabilities:				
Not later than 1 year	303	23	24	23
Later than 1 year and not later than 2 years	302	23	23	23
Later than 2 years and not later than 5 years	757	59	35	59
	1,362	105	82	105
Analysed as:				
Due within 12 months	303	23	24	23
Due after 12 months	1,059	82	58	82
	1,362	105	82	105

The hire purchase liabilities bore interest at 6.54% (2015: 6.54%) per annum.

24 LONG TERM LIABILITIES

	Group	
	2016 RM'000	2015 RM'000
Other long term liability (Note a)	59,033	67,833
Less: Current portion included in payables (Note 26)	(8,800)	(8,800)
	50,233	59,033
Deposits received (Note b)	105,000	-
Rental deposits	16,810	15,279
Other deferred income (Note c)	3,353	3,218
	175,396	77,530

(a) Other long term liability relates to the portion of purchase consideration for the acquisition of several parcels of properties which will be recognised as rental income from a tenant over a period of 10 years.

(b) Deposits received amounting to RM105,000,000 was received from an independent third party, in accordance with the terms and conditions of the Sale and Purchase Agreements ("SPAs") entered into as disclosed in Note 46(b). As of the date of the financial statements were authorised for issue, the said transactions are pending completion of the SPAs.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

24 LONG TERM LIABILITIES (CONTD.)

- (c) Other deferred income represents the difference between the carrying amount and fair value of financial liabilities upon initial recognition which is recognised systematically on a straight line basis over the tenure of the tenancy periods.

25 DEFERRED TAX LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
As of 1 July 2015/2014	67,775	54,664	36	5
Recognised in the statement of profit or loss (Note 35)	8,080	13,111	(9)	31
As of 30 June 2016/2015	<u>75,855</u>	<u>67,775</u>	<u>27</u>	<u>36</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group

	Property, plant and equipment and investment properties RM'000	Accelerated capital allowances RM'000	Total RM'000
As of 1 July 2015	56,659	78,525	135,184
Recognised in the statement of profit or loss	(893)	(3,003)	(3,896)
	<u>55,766</u>	<u>75,522</u>	<u>131,288</u>
Less: Set-off of deferred tax assets			(55,433)
As of 30 June 2016			<u>75,855</u>
As of 1 July 2014	56,747	77,732	134,479
Recognised in the statement of profit or loss	(88)	793	705
	<u>56,659</u>	<u>78,525</u>	<u>135,184</u>
Less: Set-off of deferred tax assets			(67,409)
As of 30 June 2015			<u>67,775</u>

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

25 DEFERRED TAX LIABILITIES (CONTD.)

Deferred Tax Assets of the Group

	Tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
As of 1 July 2015	(50,519)	(16,890)	(67,409)
Recognised in the statement of profit or loss	9,143	2,833	11,976
	<u>(41,376)</u>	<u>(14,057)</u>	<u>(55,433)</u>
Less: Set-off of deferred tax liabilities			55,433
As of 30 June 2016			<u>-</u>
As of 1 July 2014	(61,183)	(18,632)	(79,815)
Recognised in the statement of profit or loss	10,664	1,742	12,406
	<u>(50,519)</u>	<u>(16,890)</u>	<u>(67,409)</u>
Less: Set-off of deferred tax liabilities			67,409
As of 30 June 2015			<u>-</u>

Deferred Tax Liabilities of the Company

	Property, plant and equipment RM'000
As of 1 July 2015	36
Recognised in the statement of profit or loss	(9)
As of 30 June 2016	<u>27</u>
As of 1 July 2014	5
Recognised in the statement of profit or loss	31
As of 30 June 2015	<u>36</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016 RM'000	2015 RM'000
Unused tax losses	32,372	36,072
Unabsorbed capital allowances	34,230	35,185
Other deductible temporary differences	135,411	127,280
	<u>202,013</u>	<u>198,537</u>

The availability of the unused tax losses, unabsorbed capital allowances and other deductible temporary differences for offsetting against future taxable profits of the respective subsidiary companies are subject to no substantial changes in shareholdings of the subsidiary companies under Section 44(5A) of the Income Tax Act, 1967.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

26 PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	16,836	12,882	-	-
Provision for liquidated and ascertained damages	644	644	-	-
Refundable deposits	21,213	22,063	-	-
Other payables and accruals	79,462	81,118	2,400	437
Amounts due to affiliated companies	839	821	450	450
Amounts due to subsidiary companies	-	-	53,951	53,743
	118,994	117,528	56,801	54,630
Advance rental received	80	81	-	-
Current portion of other long term liability (Note 24)	8,800	8,800	-	-
	127,874	126,409	56,801	54,630

The normal trade credit term granted to the Group and the Company ranges from 15 to 90 days (2015 : 15 to 90 days).

Provision for liquidated and ascertained damages of the Group is made in respect of the delay in the completion of the development project and is in accordance with Note 3.2(p).

Included in other payables and accruals are the balance purchase consideration for the acquisition of several parcels of land amounting to RM40,747,000 (2015 : RM45,562,000). This balance payment bears interest at 6.0% to 9.0% (2015: 6.0%) per annum.

The amounts due to affiliated companies are unsecured, non interest bearing and repayable on demand. The amounts due to subsidiary companies are unsecured, interest bearing and repayable on demand.

27 REVENUE

The main categories of revenue are as follows:

	2016 RM'000	2015 RM'000
Group		
Gaming ticket sales net of gaming tax	190,239	224,697
Rental income from investment properties	137,044	125,647
Sale of theme park tickets	11,085	12,912
Revenue from jetty operations	26,190	27,513
Revenue from hotel operations	20,377	21,176
Revenue from food and beverage business	2,157	-
	387,092	411,945
Company		
Gross dividends from subsidiary companies	106,930	36,596
Gross dividends from an affiliated company	15	49
Management fees from subsidiary companies	725	725
	107,670	37,370

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

28 COST OF SALES

This relates to cost of sales incurred in respect of the business segments of gaming and related activities, property development and property investment and recreation and others.

29 OTHER INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Dividend income from:				
- available-for-sale investments quoted in Malaysia	1,690	3,465	-	-
Interest income:				
- fixed and other deposits	1,794	2,760	72	146
- subsidiary companies	-	-	8,722	7,545
- others	1,271	1,327	5	10
Gain on disposal of property, plant and equipment	-	113	-	-
Gain on disposal of quoted investments	790	43,591	790	-
Gain on disposal of investment properties	4,814	11,727	-	-
Reversal of impairment loss on land held for property development	463	-	-	-
Finance income - other liabilities at amortised costs	-	209	-	-
Gain on foreign exchange	192	6,007	-	-
Variance in strata title	-	3,303	-	-
Waiver of debts owing to trade and other payables	-	5,249	-	-
Miscellaneous	3,038	2,679	93	5
	<u>14,052</u>	<u>80,430</u>	<u>9,682</u>	<u>7,706</u>

30 STAFF COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	21,832	20,010	799	901
Bonus	1,718	1,954	39	99
EPF contributions	2,694	2,508	86	110
Social security organisation contributions	576	532	3	3
Short term accumulating compensated absences	11	97	-	10
Other staff related expenses	1,266	963	35	11
	<u>28,097</u>	<u>26,064</u>	<u>962</u>	<u>1,134</u>

The above staff costs exclude executive directors' salary and other emoluments.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

31 DIRECTORS' REMUNERATION

The total remuneration paid or payable to the Directors of the subsidiary companies and of the Company categorised into appropriate components for the financial year are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company				
Executive:				
Fees	10	10	-	-
Salary and other emoluments	687	724	135	135
	<u>697</u>	<u>734</u>	<u>135</u>	<u>135</u>
Non-Executive:				
Fees	142	130	132	120
Other emoluments	16	16	16	16
	<u>158</u>	<u>146</u>	<u>148</u>	<u>136</u>
Directors of the subsidiary companies				
Fees	130	110	-	-
Salary and other emoluments	1,977	2,487	-	-
	<u>2,107</u>	<u>2,597</u>	<u>-</u>	<u>-</u>
Total	<u>2,962</u>	<u>3,477</u>	<u>283</u>	<u>271</u>

32 OTHER EXPENSES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Impairment of available-for-sale quoted investments	13,590	20,462	-	9
Impairment of investment in subsidiary companies	-	-	90,218	702
Impairment of goodwill	59,029	-	-	-
Impairment of land held for property development	-	463	-	-
Loss on foreign exchange	7,561	4,528	-	388
Miscellaneous	22	204	22	201
	<u>80,202</u>	<u>25,657</u>	<u>90,240</u>	<u>1,300</u>

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

33 FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense:				
- borrowings	47,235	35,727	9,384	-
- hire purchase liabilities	29	2	4	2
- subsidiary companies	-	-	406	421
- loan related expenses	1,854	1,433	299	-
- other finance costs	3,596	4,936	-	-
- unwinding of discount and charge out of deferred transaction costs	892	348	-	-
	<u>53,606</u>	<u>42,446</u>	<u>10,093</u>	<u>423</u>

34 (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit before tax is stated after charging/(crediting):				
Direct operating expenses of investment properties:				
- revenue generating during the year	7,607	7,885	-	-
- non-revenue generating during the year	2,856	2,700	-	-
Gaming royalty	1,051	1,225	-	-
Depreciation of property, plant and equipment (Note 5)	12,310	11,502	38	24
Directors' remuneration (Note 31):				
- fees	282	250	132	120
- salary and other emoluments	2,680	3,227	151	151
Auditors' remuneration:				
- statutory audit	316	257	35	35
- under/(over) provision in prior years	29	(17)	-	-
- other services	75	65	8	8
Loss/(Gain) on foreign exchange	7,369	(1,479)	-	388
Amortisation of other intangible assets (Note 12)	1,156	1,101	-	-
Reversal of impairment of receivables	(1,266)	(194)	-	-
Impairment of receivables	3,987	1,726	-	-
Operating leases:				
- lease payments for buildings	12	67	-	-
- lease payments for land	895	895	-	-
Staff costs (Note 30)	28,097	26,064	962	1,134
Property, plant and equipment written off	3	73	-	-

NOTES TO THE FINANCIAL STATEMENTS

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35 INCOME TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current income tax:				
Malaysian income tax	10,231	9,946	1,959	1,729
Foreign tax	-	13	-	-
Effect of real property gains tax	113	1,044	-	-
Under/(Over)provision in prior years	711	16	3	(7)
	11,055	11,019	1,962	1,722
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	7,739	13,311	(9)	31
Under/(Over) provision in prior years	341	(200)	-	-
	8,080	13,111	(9)	31
Total income tax expense	19,135	24,130	1,953	1,753

A reconciliation of income tax (credit)/expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit before tax	(27,599)	108,107	13,755	41,086
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(6,624)	27,027	3,301	10,272
Effect of different tax rates in other countries	178	(3,155)	-	-
Effect of expenses not deductible for tax purposes	25,879	11,213	24,525	649
Effect of income not subject to tax	(2,357)	(13,686)	(25,876)	(9,161)
Effect of income subject to real property gains tax	113	1,044	-	-
Effect of utilisation of previously unrecognised unutilised investment allowances and unabsorbed capital allowances	(1,117)	-	-	-
Deferred tax assets not recognised during the year	1,951	1,827	-	-
Deferred tax liabilities recognised for fair value changes of investment properties	60	44	-	-
Under/(Over) provision of deferred tax expense in prior years	341	(200)	-	-
Under/(Over)provision of tax expense in prior years	711	16	3	(7)
Income tax expense for the year	19,135	24,130	1,953	1,753

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

35 INCOME TAX EXPENSE (CONTD.)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. The statutory tax rate has been reduced to 24% from the prior year's tax rate of 25%. Accordingly, the applicable tax rate to be used for the measurement of any applicable deferred tax for entities in Malaysia is the current statutory tax rate.

Additional assessments raised by the Inland Revenue Board of Malaysia ("IRB")

In the previous financial year, the IRB had issued Notice of Additional Assessment ("Form JA") for Year of Assessment (YA) 2003 to BTSSB, a wholly-owned subsidiary company of the Group amounting to RM448.23 million inclusive of tax penalty of RM139 million in accordance with Section 24(2)(a) of the Income Tax Act 1967. BTSSB proceeded to appeal against the additional assessment raised by IRB to the Dispute Resolution Department and it was held that the Form JA be set aside. Subsequently, on 21 September 2015, the IRB issued a Notice of Reduced Assessment ("Form JR") to BTSSB to discharge the entire additional tax payable and tax penalty.

On 1 September 2016, IRB issued Forms JA in accordance with Section 4(a) of the Income Tax Act 1967 on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014. The IRB has regarded the disposal of the investment properties to be in the ordinary course of the business of BTSSB as a property developer. The amount of additional taxes payable amounted to RM156.48 million, inclusive of tax penalties amounting to RM48.56 million.

BTSSB did not agree with the basis applied by the IRB and has filed an official appeal against the additional assessments for the said years of assessment through submission of the prescribed Forms Q to the Special Commissioners of Income Tax ("SCIT"). In accordance with Section 103(2) of the Income Tax Act 1967, BTSSB is liable and required to pay the additional taxes of RM156.48 million, inclusive of tax penalties, pending the outcome of the appeals. At the same time, BTSSB has also submitted applications to the Ministry of Finance and Inland Revenue Board for the deferment of payment of the above additional taxes until the decision of the appeal is determined by our court of law. As of the date of issue of these financial statements, the applications are still pending.

36 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing (loss)/profit for the year attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2016 RM'000	2015 RM'000
(Loss)/Profit attributable to owners of the Parent	(54,122)	72,711
Weighted average number of ordinary shares in issue ('000)	1,113,042	1,113,042
	Sen	Sen
Basic (loss)/earnings per share	(4.86)	6.53

Fully diluted (loss)/earnings per share is not presented as the warrants have an anti-dilutive effect on the (loss)/earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

37 DIVIDENDS

	Company		2015 Dividend RM'000
	2016 Dividend per share Sen	2016 Dividend RM'000	
Declared in respect of:			
<u>Financial year ended 30 June 2015 and accounted in the 2016 shareholders' equity</u>			
- Final dividend of 1 sen single tier	1.00	11,130	-
<u>Financial year ended 30 June 2014 and accounted in the 2015 shareholders' equity</u>			
- Final dividend of 2 sen single tier	-	-	22,261
	<u>1.00</u>	<u>11,130</u>	<u>22,261</u>

The Directors do not recommend any final dividend payment in respect of the current financial year.

38 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

(a) Financial Guarantees

The financial guarantees provided to financiers for subsidiary companies are no longer disclosed as contingent liabilities but would instead be accounted as financial liabilities if considered likely to crystallise. The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material.

(b) Contingent Liabilities

In the previous financial year, the Inland Revenue Board of Malaysia ("IRB") had issued Notice of Additional Assessment ("Form JA") for Year of Assessment (YA) 2003 to BTSSB, a wholly-owned subsidiary company of the Group amounting to RM448.23 million inclusive of tax penalty of RM139 million in accordance with Section 24(2)(a) of the Income Tax Act 1967. BTSSB proceeded to appeal against the additional assessment raised by IRB to the Dispute Resolution Department and it was held that the Form JA be set aside. Subsequently, on 21 September 2015, the IRB issued a Notice of Reduced Assessment ("Form JR") to BTSSB to discharge the entire additional tax payable and tax penalty.

On 1 September 2016, IRB issued Forms JA in accordance with Section 4(a) of the Income Tax Act 1967 on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014. The IRB has regarded the disposal of the investment properties to be in the ordinary course of the business of BTSSB as a property developer. The amount of additional taxes payable amounted to RM156.48 million, inclusive of tax penalties amounting to RM48.56 million.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

38 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES (CONTD.)

(b) Contingent Liabilities (contd.)

BTSSB did not agree with the basis applied by the IRB and has filed an official appeal against the additional assessments for the said years of assessment through submission of the prescribed Forms Q to the Special Commissioners of Income Tax ("SCIT"). In accordance with Section 103(2) of the Income Tax Act 1967, BTSSB is liable and required to pay the additional taxes of RM156.48 million, inclusive of tax penalties, pending the outcome of the appeals. At the same time, BTSSB has also submitted applications to the Ministry of Finance and Inland Revenue Board for the deferment of payment of the above additional taxes until the decision of the appeal is determined by our court of law. As of the date of issue of these financial statements, the applications are still pending.

Based on the legal opinion obtained from BTSSB's lawyers, BTSSB has determined that the gains from disposal of investment properties should not be subjected to income tax and have hence concluded that no provisions in respect of the additional assessments are required to be made in the financial statements.

39 COMMITMENTS

(a) Other Commitments

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure approved and contracted for Proposed RPS subscription in a joint venture	27,431	27,431
Proposed acquisition of 100% equity interest in Oriental Assemblers Sdn Bhd	-	6,150
Proposed acquisition of remaining 50% equity interest in Megaquest Sdn Bhd	29,250	-
	108,000	-
	<u>164,681</u>	<u>33,581</u>

(b) Non-Cancellable Operating Lease Commitments - Group as Lessee

	Group	
	2016 RM'000	2015 RM'000
Future minimum rental payments:		
Not later than 1 year	1,491	895
Later than 1 year and not later than 5 years	6,551	6,145
Later than 5 years	49,340	51,238
	<u>57,382</u>	<u>58,278</u>

The Group has entered into non-cancellable operating lease agreements which represent rental payable for the use of land and building. Leases are negotiated for a period of 3 and 30 years (2015 : 3 and 30 years) and rentals fixed for 5 years.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

39 COMMITMENTS (CONTD.)

(c) Non-Cancellable Operating Lease Commitments - Group as Lessor

	Group	
	2016 RM'000	2015 RM'000
Future minimum rental receivable:		
Not later than 1 year	67,043	61,767
Later than 1 year and not later than 5 years	97,496	91,559
More than 5 years	218,608	229,395
	<u>383,147</u>	<u>382,721</u>

The Group entered into non-cancellable operating lease agreements which represent rental receivable for the use of land and commercial property leases on its investment properties portfolio consisting of commercial space. These leases have non-cancellable lease terms of between 6 months and 30 years (2015 : 6 months and 30 years). The future minimum rental receivable of certain subsidiary companies are pledged to financial institutions for credit facilities as referred to in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

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40 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Management fees charged to subsidiary companies		-	-	(725)	(725)
Management fees charged by					
- Berjaya Land Berhad	a	240	240	240	240
Purchase of a freehold commercial unit from					
- Berjaya Credit Sdn Bhd	b	13,369	-	-	-
Rental income and other related income charged to:					
- Berjaya Registration Services Sdn Bhd	a	(462)	(462)	-	-
- Budi Impian Sdn Bhd	a	(242)	(242)	-	-
- Berjaya Higher Education Sdn Bhd	a	(1,306)	(1,343)	-	-
- Berjaya Krispy Kreme Doughnuts Sdn Bhd	a	(92)	(92)	-	-
- Berjaya Papa John's Pizza Sdn Bhd	a	(449)	(449)	-	-
- KUB-Berjaya Enviro Sdn Bhd	a	(235)	(228)	-	-
- Cosway (M) Sdn Bhd	a	(447)	(447)	-	-
- Berjaya Land Berhad	a	(379)	(379)	-	-
- Berjaya Books Sdn Bhd	a	(68)	(170)	-	-
- Mantra Design Sdn Bhd	a	(44)	(58)	-	-
- Wen Berjaya Sdn Bhd	a	(211)	(279)	-	-
- Berjaya Hills Berhad	a	(104)	(104)	-	-
- Berjaya College Sdn Bhd	a	(569)	(569)	-	-
- 7-Eleven Malaysia Sdn Bhd	b	(550)	(473)	-	-
- U Mobile Sdn Bhd ("UMSB")	c	(2,105)	(2,155)	-	-
- MOL AccessPortal Sdn Bhd	e	(448)	(496)	-	-
- Ascot Sports Sdn Bhd	f	(661)	(661)	-	-
- Berjaya Roasters (M) Sdn Bhd	g	(619)	(623)	-	-
- Berjaya-GSC Sdn Bhd	h	(1,608)	(2,474)	-	-
- Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks")	g	(631)	(594)	-	-
- Berjaya RadioShack Sdn Bhd	b	(278)	(280)	-	-
- Thai Odyssey Group Sdn Bhd	i	(244)	(228)	-	-
- Caring Pharmacy Retail Management Sdn Bhd	j	(314)	(308)	-	-
		(12,066)	(13,114)	-	-

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40 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Parking charges charged to:					
- Berjaya Land Berhad	a	(103)	(92)	-	-
- Berjaya Resort Management Services Sdn Bhd	a	(38)	(37)	-	-
- Inter-Pacific Securities Sdn Bhd	a	(108)	(140)	-	-
- Prime Credit Leasing Sdn Bhd	a	(7)	(8)	-	-
- KUB-Berjaya Enviro Sdn Bhd	a	(38)	(33)	-	-
- Sports Toto Malaysia Sdn Bhd	a	(322)	(291)	-	-
- UMMSB	c	(473)	(387)	-	-
- Berjaya Roasters (M) Sdn Bhd	g	(62)	(53)	-	-
- BStarbucks	g	(81)	(63)	-	-
		(1,232)	(1,104)	-	-
Promotion, advertisement and publishing expenses charged by Sun Media Corporation Sdn Bhd	d	117	45	-	-
Receipt of share registration services and related expenses charged by Berjaya Registration Services Sdn Bhd	a	21	33	21	33
Procurement of computerised lottery system and related services from International Lottery & Totalizator Systems, Inc	a	618	515	-	-

The nature of the related party relationships are as follows:

- (a) Subsidiary company of Berjaya Corporation Berhad ("BCorp"). Deemed a related party by virtue of the interests of Tan Sri Dato' Seri Vincent Tan Chee Yioun ("Tan Sri Vincent Tan") who is a major shareholder of both the Company and BCorp. His son, Dato' Sri Robin Tan Yeong Ching ("DSRT") is the Chairman/Chief Executive Officer and major shareholder of BCorp while another son, Rayvin Tan Yeong Sheik ("RTYS") is a shareholder of BCorp. Hence, Tan Sri Vincent Tan and DSRT are persons connected with each other.
- (b) Subsidiary company of Berjaya Retail Berhad ("BRetail") and deemed a related party by virtue of Tan Sri Vincent Tan's deemed interest in BRetail.
- (c) Deemed a related party by virtue of Tan Sri Vincent Tan's direct and deemed interests in UMMSB.

NOTES TO THE FINANCIAL STATEMENTS

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40 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

The nature of the related party relationships are as follows (contd.):

- (d) Subsidiary company of Berjaya Media Berhad ("BMedia"), a company in which BCorp and Tan Sri Vincent Tan have substantial interests. Tan Sri Dato' Tan Chee Sing ("TSDT"), the brother of Tan Sri Vincent Tan, is a shareholder of the Company.
- (e) A wholly-owned subsidiary company of MOL Global, Inc ("M-Global"). Tan Sri Vincent Tan and BCorp are major shareholders of M-Global.
- (f) A company in which Tan Sri Vincent Tan and DSRT have interests.
- (g) Berjaya Roasters (M) Sdn Bhd and BStarbucks are wholly-owned subsidiary companies of Berjaya Food Berhad ("BFood"). Tan Sri Vincent Tan and BCorp are major shareholders of BFood while DSRT is the Executive Chairman and a shareholder of BFood.
- (h) A joint venture of the Company.
- (i) A company in which TSDT, the brother of Tan Sri Vincent Tan, is a major shareholder.
- (j) A company in which Tan Sri Vincent Tan is a major shareholder.

The compensation of the key management personnel of the Group and of the Company are disclosed as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term employee benefits	3,714	3,459	580	579
Post-employment benefits:				
Defined contribution plan	401	379	53	53
	<u>4,115</u>	<u>3,838</u>	<u>633</u>	<u>632</u>

NOTES TO THE FINANCIAL STATEMENTS

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41 SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services, and has reportable operating segments as follows:

- (i) gaming and related activities;
- (ii) property development and property investment; and
- (iii) recreation and others (including hotel, food and beverage businesses).

All inter-segment transactions were carried out in the normal course of business and established under negotiated terms.

Chief operating decision maker monitors the operating results of its business segments separately for performance assessment and makes strategic decisions based on the operating results. Segment performance is evaluated based on operating profit or loss which is measured similar to the operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and not allocated to operating segments.

The geographical segment information is prepared based on locations of assets. The segments revenue by geographical location of customers does not differ materially from segment revenue by geographical location of assets.

Unallocated assets/liabilities include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segment. These mainly include corporate assets, tax recoverable/liabilities, borrowings, hire purchase and lease obligations.

Other non cash expenses mainly include write-off of property, plant and equipment, impairment of receivables and unrealised loss on foreign exchange.

(a) Business segments:

Revenue	<----- 2016 ----->			<----- 2015 ----->		
	External RM'000	Inter- segment RM'000	Total RM'000	External RM'000	Inter- segment RM'000	Total RM'000
Gaming and related activities	190,239	3,676	193,915	224,697	4,290	228,987
Property development and property investment	163,234	-	163,234	153,160	-	153,160
Recreation and others	33,619	-	33,619	34,088	-	34,088
Inter-segment eliminations	-	(3,676)	(3,676)	-	(4,290)	(4,290)
	<u>387,092</u>	<u>-</u>	<u>387,092</u>	<u>411,945</u>	<u>-</u>	<u>411,945</u>

NOTES TO THE FINANCIAL STATEMENTS

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41 SEGMENT INFORMATION (CONTD.)

(a) Business segments (contd.):

Results	2016 RM'000	2015 RM'000
Gaming and related activities	20,281	20,406
Property development and property investment	88,294	88,206
Recreation and others	(12,966)	(12,473)
	<u>95,609</u>	<u>96,139</u>
Unallocated corporate expenses	(3,296)	(2,391)
	<u>92,313</u>	<u>93,748</u>
Fair value changes on investment properties	635	2,482
Other income		
- gaming and related activities	2,812	6,422
- property development and property investment	10,067	25,670
- recreation and others	198	273
- unallocated	975	48,065
	<u>14,052</u>	<u>80,430</u>
Other expenses		
- gaming and related activities	(71,716)	(18,127)
- property development and property investment	(2,336)	(3,313)
- recreation and others	(251)	-
- unallocated	(5,899)	(4,217)
	<u>(80,202)</u>	<u>(25,657)</u>
Operating profit	26,798	151,003
Finance costs	(53,606)	(42,446)
Share of results of joint ventures	(791)	(450)
(Loss)/Profit before tax	(27,599)	108,107
Income tax expense	(19,135)	(24,130)
(Loss)/Profit for the year	(46,734)	83,977
Non-controlling interests	(7,388)	(11,266)
(Loss)/Profit attributable to owners of the Parent	<u>(54,122)</u>	<u>72,711</u>

Assets and liabilities	2016		2015	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Gaming and related activities	142,898	17,688	135,032	12,877
Property development and property investment	2,852,311	278,009	2,884,975	194,888
Recreation and others	251,855	16,928	256,707	11,027
Segment assets/liabilities	<u>3,247,064</u>	<u>312,625</u>	<u>3,276,714</u>	<u>218,792</u>
Investment in joint ventures	16,379	-	14,450	-
Unallocated corporate assets/liabilities	179,088	929,867	232,098	774,237
Consolidated assets/liabilities	<u>3,442,531</u>	<u>1,242,492</u>	<u>3,523,262</u>	<u>993,029</u>

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41 SEGMENT INFORMATION (CONTD.)

(a) Business segments (contd.):

Other information	<----- 2016 ----->			<----- 2015 ----->		
	Capital expenditure RM'000	Depreciation/ Amortisation RM'000	Other non-cash expenses RM'000	Capital expenditure RM'000	Depreciation/ Amortisation RM'000	Other non-cash expenses RM'000
Gaming and related activities	60	2,457	-	559	2,495	3
Property development and property investment	22,691	2,412	8,812	433,896	1,807	1,304
Recreation and others	2,154	8,559	17	720	8,275	491
Unallocated	-	38	2,530	156	26	-
	<u>24,905</u>	<u>13,466</u>	<u>11,359</u>	<u>435,331</u>	<u>12,603</u>	<u>1,798</u>

Capital expenditure consists of additions to property, plant and equipment, investment properties and land held for property development as disclosed in Notes 5, 6 and 7.

Impairment

Gaming and related activities
Property development and property investment
Unallocated

	2016 RM'000	2015 RM'000
Gaming and related activities	70,615	18,124
Property development and property investment	2,004	2,792
Unallocated	-	9
	<u>72,619</u>	<u>20,925</u>

(b) Geographical Locations:

	<----- 2016 ----->			<----- 2015 ----->		
	Revenue RM'000	Segment assets RM'000	Capital expenditure RM'000	Revenue RM'000	Segment assets RM'000	Capital expenditure RM'000
Malaysia	374,517	2,887,957	24,370	403,081	2,998,028	193,302
Outside Malaysia	12,575	359,107	535	8,864	278,686	242,029
	<u>387,092</u>	<u>3,247,064</u>	<u>24,905</u>	<u>411,945</u>	<u>3,276,714</u>	<u>435,331</u>

The Group operates principally in Malaysia. Outside Malaysia mainly comprises the Cayman Islands, Singapore and the United Kingdom.

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42 FAIR VALUE MEASUREMENT

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

a) Non financial assets that are measured at fair value

- i) The table below analyses the Group's non financial assets measured at fair value at the reporting date, according to the level in the fair value hierarchy:

Investment Properties

Group At 30 June 2016	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Commercial properties	-	36,300	2,138,832	2,175,132
Other properties	-	46,400	243,766	290,166
	-	82,700	2,382,598	2,465,298
At 30 June 2015				
Commercial properties	-	36,300	2,124,645	2,160,945
Other properties	-	46,400	267,871	314,271
	-	82,700	2,392,516	2,475,216

- ii) Description of valuation techniques used on non financial assets

Comparison method

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Investment properties valued under the comparison method, with insignificant adjustment factors, are categorised as Level 2 in the fair value hierarchy.

Certain other investment properties valued using the comparison method with significant adjustments made for differences such as location, size condition, accessibility and design ("adjustment factors") are categorised as Level 3 in the fair value hierarchy. The significant unobservable inputs for this category of investment properties, which are the adjustment factors, range generally between 5% and -4% (2015 : 36% and -4%) of the respective properties' fair value. Larger properties of the Group which are owned en-bloc may contain adjustment factors outside this range.

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42 FAIR VALUE MEASUREMENT (CONTD.)

a) Non financial assets that are measured at fair value (contd.)

ii) Description of valuation techniques used on non financial assets (contd.)

Discounted Cash Flows Method *

Under the discounted cash flows method, fair value is determined to be the difference between the present value of cash inflows (gross development value) and the present value of cash outflows (development costs).

Gross development value is derived by comparing the development components of the subject property with comparable transactions in the vicinity or other comparable locations.

Appropriate adjustments for characteristics, merits and demerits are then made to arrive at the proposed gross development value of the development components.

Development costs are the actual or estimated attributable costs (including marketing and finance cost) which are likely to be incurred for the completion and sale of the development components.

An appropriate market derived discount rate is then applied to establish the present values of the cash inflows and cash outflows.

Investment Method *

Under the investment method, fair value is determined based on the projection of a series of cash flows on a real property interest. To this projected cash flows series, an appropriate capitalisation rate is applied to establish the present value of the income stream associated with the asset.

Periodic cash flows is typically the estimated net annual rental value of the property which is calculated as the gross rental income anticipated over the lease period of the property, less the expenses or outgoings incidental to the ownership of the property.

The relevant capitalisation rate is chosen based on the investment rate of return expected from the type of property, taking into consideration of the risk factors, capital appreciation, security of income, ease of sale and management of the subject property.

Cost Method *

Under the cost method, fair value is determined to be the depreciated replacement cost of the property. Depreciated replacement cost is derived from the estimated replacement cost of the replaceable property in the light of current market prices for materials, labour, manufactured machinery and equipment, freight, installation and other related charges. Accrued depreciation due to use, disrepair, age and obsolescence from technology and market changes are then deducted therefrom.

* The investment properties valued using these methods are categorised as Level 3 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

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42 FAIR VALUE MEASUREMENT (CONTD.)

b) Financial instruments that are measured at fair value

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Group				
<u>Financial assets</u>				
Other investments	164,044	-	-	164,044
Company				
<u>Financial assets</u>				
Other investments	556	-	-	556
2015				
Group				
<u>Financial assets</u>				
Other investments	166,092	-	-	166,092
Company				
<u>Financial assets</u>				
Other investments	1,918	-	-	1,918

c) The following table reconciles the Group's Level 3 fair value measurements

	2016 RM'000	2015 RM'000
<u>Non Financial assets</u>		
As of 1 July 2015/2014	2,392,516	2,035,365
Additions during the year	16,482	341,797
Fair value changes recognised during the year	635	2,192
Disposal during the year	(2,930)	(8,627)
Exchange differences	(24,105)	21,789
As of 30 June 2016/2015	2,382,598	2,392,516

d) Description of key inputs to valuation on assets measured at Level 3:

Description of valuation techniques and key inputs to valuation on assets measured at Level 3 are as follows:

Valuation technique	Significant unobservable inputs	2016	2015
<u>Investment properties</u>			
Discounted cash flows method	Average gross development value per square foot	RM3,084	RM3,085
	Average gross development costs per square foot	RM668	RM750
	Discount rate	9%	9%

NOTES TO THE FINANCIAL STATEMENTS

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42 FAIR VALUE MEASUREMENT (CONTD.)

d) Description of key inputs to valuation on assets measured at Level 3: (contd.)

Valuation technique		Significant unobservable inputs	2016	2015
<u>Investment properties (contd.)</u>				
Investment method	Estimated value per month:			
	- rental value per car park bay		RM306	RM307
	- rental value per square feet		RM213	RM234
	- expenses per car park bay		RM82	RM82
	Long term vacancy rate		10%	10%
	Capitalisation rate		4.75%-6.0%	4.75%-6.0%
Cost method	Estimated replacement cost per square foot		RM220	RM220
	Estimated accrued depreciation per square foot		RM150	RM150

43 FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

<u>Financial assets</u>	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Available-for-sale financial assets</u>					
Other investments	11	167,775	169,823	556	1,918
<u>Loans and receivables</u>					
Receivables	14	25,737	28,717	437,765	350,103
Deposits					
with licensed banks	15	40,564	64,066	5,179	1,747
Cash on hand and at banks	15	36,791	22,890	33	24
		103,092	115,673	442,977	351,874
<u>Held-to-maturity investments</u>					
Other investments	11	1,010	1,012	-	-
Total financial assets		271,877	286,508	443,533	353,792

NOTES TO THE FINANCIAL STATEMENTS

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43 FINANCIAL INSTRUMENTS (CONTD.)

(a) Classification of financial instruments (contd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial liabilities					
<u>Other financial liabilities</u>					
Bank borrowings	21	691,118	546,368	247,700	-
Senior Bonds	22	159,234	158,891	-	-
Hire purchase liabilities	23	1,362	105	82	105
Long term liabilities	24	121,810	15,279	-	-
Payables	26	118,350	116,884	56,801	54,630
Total financial liabilities		<u>1,091,874</u>	<u>837,527</u>	<u>304,583</u>	<u>54,735</u>

(b) Fair values

(i) Financial instruments that are measured at fair value

Information of financial instruments of the Group and of the Company that are measured at fair value is disclosed in Note 42.

(ii) Financial instruments that are not measured at fair value and whose carrying amount are reasonable approximation of fair value

Included in these classes of financial instruments are certain financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Receivables	14
Payables	26
Bank borrowings	21
Senior Bonds	22
Hire purchase liabilities	23
Long term liabilities	24

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the amounts due from subsidiary companies disclosed in Note 14 are reasonable approximation of fair values as they are repayable on demand.

The carrying amounts of the bank borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS

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43 FINANCIAL INSTRUMENTS (CONTD.)

(b) Fair values (contd.)

- (iii) Financial instruments that are not measured at fair value and whose carrying amount are not reasonable approximation of fair value

	Group			
	Carrying Amount 2016 RM'000	Fair Value 2016 RM'000	Carrying Amount 2015 RM'000	Fair Value 2015 RM'000
<u>Financial assets</u>				
Investments				
- unquoted loan stocks outside Malaysia	3,731	*	3,731	*

- * The investments are carried at cost less accumulated impairment loss as their fair values cannot be measured reliably due to the absence of an active market and reliable input data.

44 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk (including interest rate risk, foreign currency risk and equity price risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The interest-bearing assets are mainly deposits with licensed banks and they are not held for speculative purposes. The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

The interest-bearing debts are mainly term loans, Senior Bonds, revolving credit facility, margin account, hire purchase liabilities and amounts due to subsidiary companies. Debts at floating rates expose the Group to cash flow interest rate risk. Debts at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate debts.

NOTES TO THE FINANCIAL STATEMENTS

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44 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

(a) Market Risk (contd.)

(i) Interest Rate Risk (contd.)

The carrying amounts, the range of applicable interest rates during the year and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk are disclosed in Notes 14, 15, 21, 22, 23 and 26.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Fixed rate instruments</u>				
Financial assets	10,259	6,786	5,179	1,747
Financial liabilities	172,139	206,558	82	105

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Floating rate instruments</u>				
Financial assets	38,039	65,816	437,707	350,092
Financial liabilities	679,575	544,368	301,651	53,743

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss.

Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the (loss)/profit before tax of the Group and of the Company to be higher/(lower) by RM1,604,000 and RM340,000 (2015 : RM1,196,000 and RM741,000) respectively. This analysis assumes that all other variables remain constant.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group mainly transacts in Ringgit Malaysia. However, certain of the Group's purchases are in foreign currencies and as such, the Group is exposed to exchange rate fluctuation between Ringgit Malaysia and foreign currencies such as United States Dollar and Euro. The Group seeks to mitigate foreign currency risk with close monitoring via making payments when foreign exchange rates are favourable to the Group.

NOTES TO THE FINANCIAL STATEMENTS

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44 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

(a) Market Risk (contd.)

(ii) Foreign Currency Risk (contd.)

The financial assets and liabilities of the Group that are denominated in foreign currencies are as follows:

	Group	
	2016 RM'000	2015 RM'000
Cash and bank balances		
- United States Dollar	10	436
Other payables		
- United States Dollar	3,552	3,326
- Euro	14	14
	3,566	3,340

The financial impact of changes in foreign currency rates is not material to the Group.

(iii) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risk arising from its investments in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Securities and classified as available-for-sale financial assets based on the purpose for which the quoted equity instruments were acquired. The Group and the Company do not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 1% higher/lower, with all other variables held constant, the Group's available-for-sale reserve would have been RM1,641,000 (2015: RM1,661,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments designated as available-for-sale financial assets.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to the shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio so as to achieve overall cost effectiveness.

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44 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

(b) Liquidity Risk (Contd.)

Analysis of undiscounted financial instruments by remaining contractual maturities

Group	On demand	Two to five	Over five	Total
<u>Financial liabilities</u>	or within	years	years	RM'000
	one year	RM'000	RM'000	RM'000
	RM'000			
2016				
Payables	121,203	-	-	121,203
Long term liabilities	-	16,810	105,000	121,810
Senior Bonds	49,248	131,345	-	180,593
Hire purchase liabilities	382	1,337	-	1,719
Bank borrowings	153,788	426,057	276,924	856,769
	<u>324,621</u>	<u>575,549</u>	<u>381,924</u>	<u>1,282,094</u>

2015

Payables	120,372	-	-	120,372
Long term liabilities	-	15,279	-	15,279
Senior Bonds	9,440	180,593	-	190,033
Hire purchase liabilities	27	96	-	123
Bank borrowings	244,342	331,297	-	575,639
	<u>374,181</u>	<u>527,265</u>	<u>-</u>	<u>901,446</u>

Company	On demand	Two to five	Over five	Total
<u>Financial liabilities</u>	or within	years	years	RM'000
	one year	RM'000	RM'000	RM'000
	RM'000			
2016				
Payables	56,801	-	-	56,801
Bank borrowings	23,198	145,984	176,065	345,247
Hire purchase liabilities	28	68	-	96
	<u>80,027</u>	<u>146,052</u>	<u>176,065</u>	<u>402,144</u>
2015				
Payables	54,630	-	-	54,630
Hire purchase liabilities	27	96	-	123
	<u>54,657</u>	<u>96</u>	<u>-</u>	<u>54,753</u>

(c) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk mainly from trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

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44 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

(c) Credit Risk (contd.)

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group and the Company have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At reporting date, the Group's and the Company's maximum exposure to credit risk arising from trade and other receivables are represented by the carrying amounts of these financial assets recorded on the statements of financial position.

The Group's and the Company's credit risks on cash and bank balances are limited as the Group and the Company place their funds with reputable financial institutions with high credit ratings.

The Group and the Company are also exposed to credit risk mainly from amounts due from affiliated companies, a joint venture and subsidiary companies. The Group and the Company monitor on ongoing basis the results of the companies and repayments made by the companies.

45 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2016 and 2015.

The Group monitors capital using a gearing ratio, which is debt divided by total equity. The Group's total debt includes borrowings, Senior Bonds and hire purchase liabilities. Total equity represents net equity attributable to the owners of the parent plus non-controlling interests.

The gearing ratios as of 30 June 2016 and 30 June 2015 were as follows:

		Group	
	Note	2016 RM'000	2015 RM'000
Bank borrowings	21	691,118	546,368
Senior Bonds	22	159,234	158,891
Hire purchase liabilities	23	1,362	105
Total debt		<u>851,714</u>	<u>705,364</u>
Total equity		<u>2,200,039</u>	<u>2,530,233</u>
Gearing ratio (%)		<u>39</u>	<u>28</u>

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

NOTES TO THE FINANCIAL STATEMENTS

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46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 14 December 2015, the Company entered into a Share Sale Agreement with D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj to acquire the remaining 20% equity interest in Berjaya Times Square Sdn Bhd (“BTSSB”) for a total cash consideration of RM250.0 million. The said acquisition had been completed during the financial year. Consequently, BTSSB became a wholly-owned subsidiary company of the Company.
- (b) On 3 June 2016, BTSSB entered into Sale and Purchase Agreements (“SPAs”) with an independent third party, Datuk Bandar Kuala Lumpur (“DBKL”) to dispose of two parcels of commercial premise (“Properties”) with carrying amount of RM82,650,000 for a total cash consideration of RM150.0 million.

On the same day, BTSSB entered into Guaranteed Rental Return Agreements with DBKL to lease back the Properties for a period of 10 years (“Tenure”) and buy back the Properties after the Tenure.

As of the date of the financial statements were authorised for issue, the said transactions are pending completion of the SPAs.

- (c) On 21 June 2016, Aroma Kiara Sdn Bhd, a wholly-owned subsidiary company of the Company entered into a Share Purchase Agreement with Oriental Holdings Berhad, Oriental Rubber & Palm Oil Sdn Berhad, Dato’ Syed Mohamad Bin Syed Murtaza, and Dato’ Seri Haji Md Isahak Bin Md. Yusuf to acquire 100% equity interest in Oriental Assemblers Sdn Bhd for a total cash consideration of RM32.5 million. As of the date of the financial statements were authorised for issue, the said acquisition is still pending fulfillment of the conditions precedent.
- (d) On 24 June 2016, BTSSB entered into a Sale and Purchase Agreement for the proposed acquisition of a freehold commercial unit located at Lot 06-11, Level 6, Berjaya Times Square, Kuala Lumpur from Berjaya Credit Sdn Bhd (“BCredit”) for a total cash consideration of RM13.37 million. BCredit is a wholly-owned subsidiary of Singer (Malaysia) Sdn Bhd, which in turn is a wholly-owned subsidiary of Berjaya Retail Berhad, a company controlled by Tan Sri Dato’ Seri Vincent Tan Chee Yioun. The said acquisition had been completed during the financial year.

47 SUBSEQUENT EVENTS

- (a) On 12 July 2016, Tropicfair Sdn Bhd, a wholly-owned subsidiary company of the Company had entered into a Share Sale Agreement with Violet Circle Sdn Bhd to acquire the remaining 50% equity interest in Megaquest Sdn Bhd for a total cash consideration of RM108.0 million.
- (b) On 13 July 2016, Berjaya Waterfront Sdn Bhd (“BWSB”), a wholly-owned subsidiary company of the Company and Foshan City Bureau of Commerce (“FCBC”), the agency responsible for the commerce development and management of the Government of Foshan City, Guangdong Province in China entered into a Memorandum of Understanding (MOU) for Collaboration to foster trade and investment from Foshan City to the South East Asia Duty Free Trade City (“SEADFTC”) project. Under the MOU, both BWSB and FCBC will establish a framework for collaboration with progressive discussions, exchange of information, and development and investment updates for the relevant commercial initiatives. FCBC will organise trade visits to SEADFTC to explore and conduct trading and investment activities with the intention of promoting this project as a strategic initiative for Foshan City investors in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

48 SUBSIDIARY AND ASSOCIATED COMPANIES

Name of Company	Country of Incorporation	Principal Activities	Proportion of ownership and voting power held by the Group	
			2016 %	2015 %
Subsidiary Companies				
Aroma Kiara Sdn Bhd	Malaysia	Investment holding	100	-
BA Properties (Cayman) Limited	Cayman Islands	Investment holding	100	100
Berjaya Assets Food (BAF) Sdn Bhd	Malaysia	Operation of food and beverage business	100	100
[^] Berjaya Assets Pte Ltd	Singapore	Investment holding	100	100
Berjaya Times Square Sdn Bhd	Malaysia	Property investment, property development and investment holding	100	80
BTS (Cayman) Limited	Cayman Islands	Investment holding	100	100
Bumisuci Sdn Bhd	Malaysia	Investment holding	100	100
Dayadil Sdn Bhd	Malaysia	Investment holding	100	100
Ishandal Sdn Bhd	Malaysia	Investment holding	100	100
Jernih Wiramas Sdn Bhd	Malaysia	Property investment and property development	100	100
* Natural Avenue Sdn Bhd	Malaysia	Number forecast lotteries in Sarawak	65	65
Rentas Padu Sdn Bhd	Malaysia	Investment holding	100	100
Sapphire Transform Sdn Bhd	Malaysia	Property investment	100	100
# Sempurna Bahagia Sdn Bhd	Malaysia	Investment holding	100	100
Sublime Cartel Sdn Bhd	Malaysia	Provision of lottery consultancy and related services and investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

48 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

Name of Company	Country of Incorporation	Principal Activities	Proportion of ownership and voting power held by the Group	
			2016 %	2015 %
Subsidiary Companies (contd.)				
Sunrise Bonanza Sdn Bhd	Malaysia	Property investment and property development	70	70
Subsidiaries of Berjaya Times Square Sdn Bhd				
Berjaya TS Management Sdn Bhd	Malaysia	Dormant	100	100
Berjaya Times Square Theme Park Sdn Bhd	Malaysia	Operations of theme park and leasing of theatre	100	100
Berjaya Waterfront Sdn Bhd	Malaysia	Property and investment holdings and management ferry terminal	100	100
BTS Cultural Centre Sdn Bhd	Malaysia	Dormant	100	100
BTS Car Park Sdn Bhd	Malaysia	Car park operator	100	100
Danau Laris Sdn Bhd	Malaysia	Dormant	60	60
Shasta Supermarket Sdn Bhd	Malaysia	Dormant	100	100
TS Service Suites Sdn Bhd	Malaysia	Property investment	100	100
10th Avenue Food Mall Sdn Bhd	Malaysia	Ceased operations	100	100
Subsidiary of BTS (Cayman) Limited				
[^] Berjaya UK Investment & Development Limited	United Kingdom	Property investment	70	70
Subsidiary of Dayadil Sdn Bhd				
Imej Jasa Sdn Bhd	Malaysia	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

48 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

Name of Company	Country of Incorporation	Principal Activities	Proportion of ownership and voting power held by the Group	
			2016 %	2015 %
Subsidiary Companies (contd.)				
Subsidiaries of Imej Jasa Sdn Bhd				
Bahagia Jiwa Sdn Bhd	Malaysia	Investment holding	100	100
Muara Tebas Sdn Bhd	Malaysia	Investment holding	100	100
Subsidiary of Natural Avenue Sdn Bhd				
Petekat Sdn Bhd	Malaysia	General trading and commission agent	100	100
Subsidiary of Rentas Padu Sdn Bhd				
Tropicfair Sdn Bhd	Malaysia	Investment holding	100	100
Subsidiary of Berjaya Waterfront Sdn Bhd				
Jauhari Maksima Sdn Bhd	Malaysia	Property development	52	52
Associated Company				
Megaquest Sdn Bhd	Malaysia	Investment holding	50	50

* *Effective interest*

66.67% held by Bumisuci Sdn Bhd and 33.33% held by Ishandal Sdn Bhd

^ *Audited by a firm other than Deloitte*

49 COMPARATIVES

Certain comparatives figures have been reclassified to conform with the current year's presentation.

Statement of Profit or Loss

Group	Note	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
Revenue	27	412,767	(822)	411,945
Cost of sales	28	(211,137)	822	(210,315)

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2016

50 SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised earnings is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Realised earnings	402,484	525,857	99,974	99,302
Unrealised earnings	790,012	786,359	-	-
Total retained earnings	1,192,496	1,312,216	99,974	99,302
Less: Consolidation adjustments	(411,698)	(603,315)	-	-
Retained earnings as per financial statements	780,798	708,901	99,974	99,302

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

LIST OF PROPERTIES

AS AT 30 JUNE 2016

LOCATION	TENURE	SIZE	DESCRIPTION/ EXISTING USE	ESTIMATED AGE OF BUILDING	DATE OF ACQUISITION	NET CARRYING VALUE RM'000
No. Geran 56069, Lot 2001, Section 52, Town and District of Kuala Lumpur (Berjaya Times Square, Jalan Imbi, Kuala Lumpur)	Freehold	39,591 sq meter	Shopping-cum- leisure mall	<13 years	8.7.1994 } } } } }	2,164,539
No. Geran 56068, Lot 2000, Section 52, Town and District of Kuala Lumpur (No. 1, Jalan Imbi, Kuala Lumpur)	Freehold	3,901 sq meter	Office building	<23 years	8.7.1994 } } }	
H.S. (D) 156049, P.T. No. 3338, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	Freehold	513 sq meter	Bungalow	> 34 years	15.3.2011	1,850
No. Geran 33664, Lot 165, Seksyen 0094, Bandar Kuala Lumpur, Wilayah Persekutuan	Freehold	125 sq meter	Shop lot	> 44 years	10.1.2012	2,350
No. Geran 49297, Lot 52, Seksyen 94, Bandar Kuala Lumpur, Wilayah Persekutuan	Freehold	1,694 sq meter	Bungalow	> 44 years	31.12.2011	7,000
Lots PTB 10707, PTB 20006, PTB 20380, PTB 20438, PTD 146378 & PTD 148062, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor. (Berjaya Waterfront, Johor Bahru)	Freehold } with 99 } years lease } interest } expiring on } 30.10.2092 } }	57,355 sq meter	5-level shopping complex 12-level 400 rooms hotel, a ferry terminal, a custom & immigration building	19 years 19 years	10.4.2012 10.4.2012	187,463 126,513
Lot PTB 10710, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor. (Berjaya Waterfront, Johor Bahru)	Freehold with 99 years lease interest expiring on 30.10.2092	19,826 sq meter	Vacant land	N/A	10.4.2012	35,200
No. Geran 102261, Lot 21393, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor	Freehold	5,377 sq meter	76 office units on a purpose built office tower	18 years	29.4.2015	113,000

LIST OF PROPERTIES

AS AT 30 JUNE 2016

LOCATION	TENURE	SIZE	DESCRIPTION/ EXISTING USE	ESTIMATED AGE OF BUILDING	DATE OF ACQUISITION	NET CARRYING VALUE RM'000
Lot G-09, G-10, G-11 and G-12 Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	Freehold	2,001 sq feet	Retail lots for rent	< 13 years	28.6.2012	36,300
Lot 8189 & 8190, Town East, Jalan Pending, Kuching, Sarawak	Leasehold 60 years expiring on 11.5.2048	245 sq meter	4-storey shop house/office building	27 years	13.7.1996	567
No. 273 & 274, Lot 2545 & 2546 Centraland Commercial Park, Off Jalan Rock Kuching, Sarawak	Leasehold 60 years expiring on 5.5.2054	484.2 sq meter	4-storey shop house/office building used as office and draw hall	21 years	31.8.2002	3,158
The Collins Theatre 1 Essex Road, London N1 2SE	999 years	Approximately 13,272 sq ft	Vacant floors for theatre and restaurant/ Retail shop	20 years	23.08.2012	27,566
1-17 Essex Road, London N1 2SE and 12A Islington Green, London N1 2XN London N12 SE	150 years	45,983 sq ft	70 fully furnished residential units	20 years	15.08.2014	216,200
Lot PTB 11082, Bandar of Johor Bahru, Daerah Johor Bahru, Negeri Johor	Freehold	47,737 sq ft	Vacant land	N/A	22.10.2013	6,041
Lot PTB 11084, Bandar of Johor Bahru, Daerah Johor Bahru, Negeri Johor	Freehold	70,960 sq ft	Vacant land	N/A	22.10.2013	21,063
Lot PTB 24119, Bandar of Johor Bahru, Daerah Johor Bahru, Negeri Johor	Leasehold 99 years expiring on 18.1.2114	25.034 hectares	Sea bed for reclamation	N/A	9.11.2014	70,668

NOTE:

The Group does not adopt a policy of regular valuation of its properties except for investment properties which are stated at fair value.

OTHER INFORMATION

MATERIAL CONTRACTS

Other than as disclosed in Notes 14, 21, 22, 26, 31, 39, 40, 46 and 47 of the financial statements for the financial year ended 30 June 2016 neither Berjaya Assets Berhad nor any of its subsidiaries had entered into any material contracts, involving Directors and major shareholders.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 30 June 2016 amounted to RM75,000.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Berjaya Assets Berhad ("BAssets") Group with the following Related Parties	BAssets and/ or its subsidiary companies	Nature of transactions	Amount transacted RM'000
Berjaya Corporation Berhad ("BCorporation") and/or its unlisted subsidiary companies:-			
BCorporation and its subsidiary companies	BTS Car Park Sdn Bhd	Parking charges receivable	389
Inter-Pacific Trading Sdn Bhd	BAssets Group	Purchase of stationery products and printing services	44
Berjaya Books Sdn Bhd	Berjaya Times Square Sdn Bhd ("BTSSB")	Rental income receivable for renting of shoplots at Lots LG-10, 11 & 11A, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	68
Berjaya Registration Services Sdn Bhd ("BRegistration")	BAssets	Receipt of share registration services	21
	BTSSB	Rental income receivable for renting of shoplot at Lot 06-01, 6th Floor and office at Lot 10-02A, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	462
Wen Berjaya Sdn Bhd	BTSSB	Rental income receivable for renting of café at Lots 03-89, 3rd Floor and office at Lots 09-19, 20 & 21, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	211
Prime Credit Leasing Sdn Bhd	BAssets Group	Receipt of leasing and hire purchase facilities	1,397
Berjaya Education Sdn Bhd	BAssets Group	Receipt of education and staff training services	8
Berjaya Higher Education Sdn Bhd	BTSSB	Rental income receivable for renting of premises at Lot 14-01, 14th Floor, Lots 09-23, 09-24, 09-25, 09-45, 09-45A, 09-46, 09-47, 09-48 & 09-50, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	1,306
Berjaya College Sdn Bhd	BAssets Group	Rental income receivable for renting of premises at Lots 10-11, 10-12 & 10-12A, 10th Floor and Lot 11-02A, 11th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	569
Berjaya Hills Berhad	BTSSB	Rental income receivable for renting of office at Lots 08-65, 08-66 & 08-67, 8th Floor, Berjaya Times Square, No. 1 Jalan Imbi, Kuala Lumpur	104
Cosway (M) Sdn Bhd	BTSSB	Rental income receivable for renting of shoplots at LG-12 & LG-20, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	447

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Berjaya Assets Berhad ("BAssets") Group with the following Related Parties	BAssets and/ or its subsidiary companies	Nature of transactions	Amount transacted RM'000
Kimia Suchi Marketing Sdn Bhd	BAssets Group	Purchase of cleaning chemical products	-
Berjaya Papa John's Pizza Sdn Bhd	BTSSB	Rental income receivable for renting of café and storage space at Lots G-07, G-07A, G-07B, G-08B & Lot G-30, Ground Floor, and office at Lots 09-16, 09-17 & 09-18, 9th Floor, Berjaya Times Square, No.1 Jalan Imbi, Kuala Lumpur	449
RU Café Sdn Bhd	Sapphire Transform Sdn Bhd & BTSSB	Rental income receivable for renting of shoplots at Lots G-09, Ground Floor, and office at Lot 09-05, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	126
Berjaya Krispy Kreme Doughnuts Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lots 08-29, 08-30, 08-32 & 08-33, 8th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	92
KUB-Berjaya Enviro Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lots 09-01, 09-02 & 09-03, 9th Floor, Berjaya Times Square, No. 1 Jalan Imbi, Kuala Lumpur	235
Roasters Asia Pacific (M) Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lot 07-24, 7th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	145
Berjaya Engineering Construction Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lots 09-37 & 09-39, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	40
BLoyalty Sdn Bhd	BAssets Group	Provision for promotion, advertising and publishing services	2
E.V.A Management Sdn Bhd	BAssets Group	Provision of human resources management services	1
Inter-Pacific Securities Sdn Bhd	BTSSB	Rental income receivable for renting of broadcasting facility at TB Roof 02C, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	6

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Berjaya Assets Berhad ("BAssets") Group with the following Related Parties	BAssets and/ or its subsidiary companies	Nature of transactions	Amount transacted RM'000
Berjaya Land Berhad ("BLand") and/or its unlisted subsidiary companies:-			
BLand	BAssets	Management fees payable for services rendered include inter-alia the provision of finance, corporate, secretarial and general administrative services	240
	BTSSB	Rental income receivable for renting of office at Lots 02-17 & 02-34, 2nd Floor, Berjaya Times Square Jalan Imbi, Kuala Lumpur	379
BLand and its subsidiary companies	BTS Car Park Sdn Bhd	Parking charges receivable	170
Budi Impian Sdn Bhd	BTSSB	Rental income receivable for renting of shoplots at Lots LG-73, 74 & 74A, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	242
Mantra Design Sdn Bhd	BTSSB	Rental income receivable for renting of office at Lots 09-14 & 09-15, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	44
Marvel Fresh Sdn Bhd	BTSSB	Rental income receivable for renting of storage space at G-37, Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	38
Berjaya Guard Services Sdn Bhd	BAssets Group	Receipt of security guard services	221
ANSA Hotel KL Sdn Bhd (formerly known as Absolute Prestige Sdn Bhd)	Berjaya Assets Food (BAF) Sdn Bhd	Rental expense payable for renting of café at Lot No 0.2, Ground Floor, 101, Jalan Bukit Bintang, Kuala Lumpur	581
Berjaya Sports Toto Berhad ("BToto") and/or its unlisted subsidiary companies:-			
BToto and its unlisted subsidiary companies	BTS Car Park Sdn Bhd	Parking charges receivable	420
International Lottery & Totalizator Systems, Inc	Natural Avenue Sdn Bhd	Procurement of computerised lottery system and related services	618
Berjaya Media Berhad ("BMedia") and/or its unlisted subsidiary company:-			
Sun Media Corporation Sdn Bhd	BAssets Group	Procurement of promotion, advertising and publishing services	117

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Berjaya Assets Berhad ("BAssets") Group with the following Related Parties	BAssets and/or its subsidiary companies	Nature of transactions	Amount transacted RM'000
Berjaya Food Berhad ("BFood") and/or its unlisted subsidiary companies:-			
BFood and its subsidiary companies	BTS Car Park Sdn Bhd	Parking charges receivable	148
Berjaya Roasters (M) Sdn Bhd	BTSSB	Rental income receivable for renting of shoplot at Lot 03-85, 3rd Floor and office at Lots 09-06 to 09-13, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	619
Berjaya Starbucks Coffee Company Sdn Bhd	BTSSB	Rental income receivable for renting of café at Lot G-09C & D, Ground Floor, walkway area, Lot 01-01-28, 1st Floor and office at Lot 10-02 & 10-02C, 10th Floor Berjaya Times Square, Jalan Imbi, Kuala Lumpur	631
Bermaz Auto Berhad (formerly known as Berjaya Auto Berhad) ("BAuto") and/or its unlisted subsidiary company:-			
Bermaz Motor Trading Sdn Bhd	BAssets Group	Sale of Mazda vehicles, component parts and other related products and provision of after-sales services	-
7-Eleven Malaysia Holdings Berhad ("SEM") and/or its unlisted subsidiary company:-			
7-Eleven Malaysia Sdn Bhd (a)	BTSSB	Rental income receivable for renting of shoplots and storage space at Lot G-37B, Lots 01-16 & 01-22, 1st Floor, Lot 03-96C, 3rd Floor, Lots 05-92, 5th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	550
	BTS Car Park Sdn Bhd	Parking charges receivable	4
Other related parties:-			
Ascot Sports Sdn Bhd ("Ascot") (b)	BTSSB	Rental income receivable for renting of office at Lots 10-01 & 10-01A, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	661
Qinetics Solutions Sdn Bhd (c)	BAssets Group	Receipt of information technology consultancy and management services	-
Qinetics Services Sdn Bhd (c)	BAssets Group	Receipt of information technology consultancy and management services	-
Thai Odyssey Group Sdn Bhd (d)	BTSSB	Rental income receivable for renting of shoplot at Lot LG-55, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	244

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Berjaya Assets Berhad ("BAssets") Group with the following Related Parties	BAssets and/ or its subsidiary companies	Nature of transactions	Amount transacted RM'000
Intan Utilities Berhad ("Intan") (e)	BTS Car Park Sdn Bhd	Parking charges receivable	5
Roda Indah Motors Sdn Bhd (e)			2
Wilayah Motor Sdn Bhd (e)			10
UPC Management Services Sdn Bhd (e)			2
U Mobile Sdn Bhd ("UMSB") (f)	BTSSB	Rental income receivable for renting of shoplot at Lot G-17A, Ground Floor, office and storage space at Lots 08-06 to 08-13A, 08-74D, 8th Floor and 10-01C, 10th Floor broadcasting facility at TB Roof 04 and 09-CP-01, L-CPA, car park of Berjaya Times Square, Jalan Imbi, Kuala Lumpur	2,105
	BTS Car Park Sdn Bhd	Parking charges receivable	473
Berjaya RadioShack Sdn Bhd (a)	BTSSB	Rental income receivable for renting of shoplot at Lot G-16. Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	278
MOL AccessPortal Sdn Bhd (g)	BTSSB	Rental income receivable for renting of office at Lots 07-01, & 07-01A, 7th Floor, Lots 08-01 & 08-64, 8th Floor and shoplots at Lots 08-01A & 08-02, 8th Floor, Lots 09-62, 09-63, 09-64 & 09-97, 9th Floor and storage space at Lot 07-74C, 7th Floor, Lot 08-74C, 8th Floor, Lot 09-91C, 9th Floor, Lot 10-10E, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	448
	BTS Car Park Sdn Bhd	Parking charges receivable	10
Caring Pharmacy Retail Management Sdn Bhd (k)	BTSSB	Rental income receivable for renting shoplots at Lot LG-39 & LG-40, LG Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	314
Adcas Lifescience Sdn Bhd ("Adcas") (h)	BTSSB	Rental income receivable for renting shoplots at Lot 09-71 to 09-73-A, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	38
Mode Fair Sdn Bhd ("MFSB") (i)	BTSSB	Rental income receivable for renting shoplots at Lot 09-88 to 09-90, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	85

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Berjaya Assets Berhad ("BAssets") Group with the following Related Parties	BAssets and/ or its subsidiary companies	Nature of transactions	Amount transacted RM'000
La Juiceria Sdn Bhd ("LJSB") (j)	BTSSB	Rental income receivable for renting kiosk at Lot LG-19B-1, LG Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur	72
Grand Total			15,891

Notes:

- a) Subsidiary companies of Berjaya Retail Berhad ("BRetail") and deemed related parties by virtue of Tan Sri Dato' Seri Vincent Tan Chee Youn ("TSVT")'s deemed interest in BRetail.
- b) A company in which TSVT and his son, Dato' Sri Robin Tan Yeong Ching have interests.
- c) Subsidiary company of MOL.com Sdn Bhd ("MOL"). TSVT and BCorporation are major shareholders of MOL.
- d) A company in which Tan Sri Dato' Tan Chee Sing, the brother of TSVT and the father of Dato' Dickson Tan Yong Loong, is a major shareholder.
- e) A company in which TSVT has deemed interests.
- f) Deemed a related party by virtue of TSVT's direct and deemed interests in UMSB.
- g) A wholly-owned subsidiary company of MOL Global, Inc ("M-Global"). TSVT and BCorporation are major shareholders of M-Global.
- h) Dato' Zurainah Binti Musa is a major shareholder and director of Adcas. She is also a director of BTSSB.
- i) Morvin Tan U-Jiang ("MTUJ") and Chryseis Tan Sheik Ling ("CTSL"), the children of TSVT, are major shareholders of MFSB. MTUJ is also a director of MFSB.
- j) CTSL is a major shareholder and a director of LJSB.
- k) A company in which TSVT is a major shareholder.

STATISTICS ON SHARES AND WARRANTS

AS AT 19 SEPTEMBER 2016

ANALYSIS OF SHAREHOLDINGS IN ORDINARY SHARES

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	425	13.39	12,420	0.00
100 – 1,000	586	18.46	243,210	0.02
1,001 – 10,000	1,327	41.81	6,861,099	0.62
10,001 – 100,000	622	19.60	21,059,619	1.89
100,001 – 55,652,077	211	6.65	898,417,711	80.72
55,652,078* and above	3	0.09	186,447,500	16.75
Total	3,174	100.00	1,113,041,559	100.00

Note:

Each share entitles the holder to one vote.

* Denotes 5% of the issued ordinary share capital of the Company.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (8087489)	68,447,500	6.15
2.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00856-003)	60,000,000	5.39
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	58,000,000	5.21
4.	Berjaya Sompo Insurance Berhad	55,292,500	4.97
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Malayan Banking Berhad (MBB2 Swap-M)	55,000,000	4.94
6.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	47,500,000	4.27
7.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (49877 PDZM)	44,500,000	4.00
8.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Sri Dato' Seri Vincent Tan Chee Yioun (PBCL-0G0361)	40,900,000	3.67
9.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Tan Chee Sing (Golden)	31,700,000	2.85
10.	Portal Access Sdn Bhd	31,012,650	2.79
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd	25,699,300	2.31
12.	BTS Hotel Sdn Bhd	25,528,768	2.29
13.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kok Ping	25,000,000	2.24

STATISTICS ON SHARES AND WARRANTS

AS AT 19 SEPTEMBER 2016

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
14.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Portal Access Sdn Bhd	24,950,000	2.24
15.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Tan Sri Dato' Seri Vincent Tan Chee Yioun	24,000,000	2.15
16.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fabulous Channel Sdn Bhd (AF0010)	23,600,000	2.12
17.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MGN-VTC0001M)	22,000,000	1.98
18.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd	20,507,600	1.84
19.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	19,300,000	1.73
20.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (Margin)	17,000,000	1.53
21.	Berjaya Land Berhad	16,600,135	1.49
22.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tengku Rethwan Bin Tengku Mansor	16,250,000	1.46
23.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Tan Sri Dato' Seri Vincent Tan Chee Yioun (CIB057)	16,000,000	1.44
24.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Berjaya VTCY Sdn Bhd (01-00856-001)	15,582,246	1.40
25.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00820-000)	15,000,000	1.35
26.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MX3999)	15,000,000	1.35
27.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Arsam Bin Damis (IPM)	14,100,000	1.27
28.	Ambilan Imej Sdn Bhd	13,536,527	1.22
29.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	12,800,000	1.15
30.	Nada Embun Sdn Bhd	12,531,543	1.13
		867,338,769	77.93

STATISTICS ON SHARES AND WARRANTS

AS AT 19 SEPTEMBER 2016

ANALYSIS OF WARRANT HOLDERS

Size of Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	2	0.65	30	0.00
100 – 1,000	31	10.03	21,286	0.01
1,001 – 10,000	153	49.51	715,244	0.17
10,001 – 100,000	82	26.54	3,045,976	0.73
100,001 – 20,799,116	34	11.00	84,381,450	20.28
20,799,117* and above	7	2.27	327,818,362	78.81
Total	309	100.00	415,982,348	100.00

Note:

* Denotes 5% of the warrant outstanding.

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	105,000,000	25.24
2.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	50,000,000	12.02
3.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	45,000,000	10.82
4.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (49877 PDZM)	40,000,000	9.62
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	30,076,902	7.23
6.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	30,000,000	7.21
7.	Portal Access Sdn Bhd	27,741,460	6.67
8.	Permata Dayu Sdn Bhd	14,000,000	3.37
9.	Berjaya Land Sdn Bhd	12,085,654	2.91
10.	BTS Hotel Sdn Bhd	10,211,506	2.45
11.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Capital Sdn Bhd (A/C 83)	7,352,000	1.77
12.	Tengku Rethwan Bin Tengku Mansor	6,500,000	1.56
13.	Nada Embun Sdn Bhd	5,012,616	1.21
14.	Magna Mahsuri Sdn Bhd	4,374,500	1.05
15.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun	4,000,000	0.96
16.	Berjaya Capital Berhad	3,370,000	0.81
17.	Berjaya Sompo Insurance Berhad	3,317,000	0.80
18.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Arsam Bin Damis (IPM)	3,000,000	0.72

STATISTICS ON SHARES AND WARRANTS

AS AT 19 SEPTEMBER 2016

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D)

No.	Name of Warrant Holders	No. of Warrants	%
19.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pantai Cemerlang Sdn Bhd	2,500,000	0.60
20.	Immediate Capital Sdn Bhd	2,106,000	0.51
21.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Bank of Singapore Limited	1,309,000	0.31
22.	JMP Holdings Sdn Bhd	717,028	0.17
23.	Vecc-Men Holdings Sdn Bhd	717,028	0.17
24.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Thong Foong Tat (MY0878)	555,100	0.13
25.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Pek Kiam Kek (MM0606)	375,400	0.09
26.	Ng Lee Lin	278,488	0.07
27.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fabulous Channel Sdn Bhd (AF0010)	250,000	0.06
28.	Dato' Sri Robin Tan Yeong Ching	243,340	0.06
29.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Yik Chee Lim (MY0055)	235,300	0.06
30.	Quah Chia Hor	231,200	0.05
		410,559,522	98.70

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 19 SEPTEMBER 2016

None of the Directors of the Company had any interest in the shares and warrants of the Company or its related corporations as at 19 September 2016.

SUBSTANTIAL SHAREHOLDERS

AS AT 19 SEPTEMBER 2016

Names of Substantial Shareholders	← No. of Ordinary Shares of RM1.00 each →			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Vincent Tan Chee Yioun	466,447,500	41.91	327,594,100(a)	29.43
Portal Access Sdn Bhd	69,353,650	6.23	-	-
Berjaya Land Berhad	33,264,135	2.99	123,615,212(b)	11.11
Teras Mewah Sdn Bhd	-	-	156,879,347(c)	14.09
Berjaya Capital Berhad	8,425,000	0.76	72,329,027(d)	6.50
Juara Sejati Sdn Bhd	-	-	237,633,374(e)	21.35
Berjaya Group Berhad	-	-	237,633,374(f)	21.35
Berjaya Corporation Berhad	-	-	237,633,374(g)	21.35

Notes:

- (a) Deemed interested by virtue of his interests in Berjaya Corporation Berhad, Vecc-Men Holdings Sdn Bhd, Hotel Resort Enterprise Sdn Bhd, B & B Enterprise Sdn Bhd, Berjaya VTCY Sdn Bhd and his deemed interest in Lim Kim Hai Sales & Services Sdn Bhd.
- (b) Deemed interested by virtue of its 100% interests in Portal Access Sdn Bhd, Immediate Capital Sdn Bhd, BTS Hotel Sdn Bhd and Nada Embun Sdn Bhd as well as its interest in Berjaya Sports Toto Berhad, the holding company of Magna Mahsuri Sdn Bhd.
- (c) Deemed interested by virtue of its interest in Berjaya Land Berhad.
- (d) Deemed interested by virtue of its interests in Ambilan Imej Sdn Bhd, Inter-Pacific Capital Sdn Bhd and Berjaya Sompoo Insurance Berhad.
- (e) Deemed interested by virtue of its interests in Berjaya Land Berhad and Berjaya Capital Berhad.
- (f) Deemed interested by virtue of its 100% interests in Teras Mewah Sdn Bhd and Juara Sejati Sdn Bhd.
- (g) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Sixth Annual General Meeting of the Company will be held at Manhattan I, Level 14, Berjaya Times Square Hotel, Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 23 November 2016 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 June 2016 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM132,000 for the year ended 30 June 2016. RESOLUTION 1
3. To re-elect the following Directors who retire by rotation pursuant to Article 102 of the Company's Articles of Association and who being eligible, offer themselves for re-election:
 - a) Chan Kien Sing RESOLUTION 2
 - b) Datuk Robert Yong Kuen Loke RESOLUTION 3
4. To re-elect Morvin Tan U-Jiang who retires pursuant to Article 93 of the Company's Articles of Association and who being eligible, offers himself for re-election. RESOLUTION 4
5. To re-appoint YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. RESOLUTION 5
6. To re-appoint Dato' Mohd Salleh Bin Ahmad as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. RESOLUTION 6
7. To re-appoint Messrs Deloitte as Auditors and to authorise the Directors to fix their remuneration. RESOLUTION 7
8. As special business:

To consider and, if thought fit, pass the following Ordinary Resolutions:

 - (i) **Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

RESOLUTION 8

NOTICE OF ANNUAL GENERAL MEETING

(ii) Proposed Renewal of and new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT, subject to the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 28 October 2016 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution."

RESOLUTION 9

(iii) Proposed renewal of Authority for the Company to Purchase its Own Shares

"THAT, subject always to the Companies Act, 1965, ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and Bursa Malaysia Securities Berhad ("Exchange") Main Market Listing Requirements and any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company ("BAssets Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of central depositories accounts under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total issued and paid-up share capital of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits or share premium reserve of the Company or both;

NOTICE OF ANNUAL GENERAL MEETING

3. the authority shall commence immediately upon passing of this ordinary resolution until:-
- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND THAT upon completion of the purchase(s) of the BAssets Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with the BAssets Shares so purchased by the Company in the following manner:-

- (a) cancel all the BAssets Shares so purchased; or
- (b) retain all the BAssets Shares as treasury shares for future re-sale or for distribution as dividends to the shareholders of the Company; or
- (c) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force.”

RESOLUTION 10

(iv) Proposed Retention of Independent Non-Executive Director

“THAT Heng Kiah Choong be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been on the Board of the Company for a cumulative term of more than 9 years.”

RESOLUTION 11

(v) Proposed Retention of Independent Non-Executive Director

“THAT Dato’ Mohd Salleh Bin Ahmad be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been on the Board of the Company for a cumulative term of more than 9 years.”

RESOLUTION 12

By Order of the Board

WONG SIEW GUEK
(MAICSA 7042922)
Secretary

Kuala Lumpur
28 October 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Audited Financial Statements

Agenda Item 1 is for discussion at the meeting and no voting is required.

2. Directors' Fees

The quantum of the Directors' Fees for each of the Independent Directors is same as in the previous financial year ended 30 June 2015 except for the Chairman of the Company, YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin. The Director's fee for YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin will be increased from RM30,000 to RM42,000 for the financial year ended 30 June 2016.

3. Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

Resolution 8 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fifty-Fifth Annual General Meeting held on 27 November 2015 and which will lapse at the conclusion of the Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects(s), working capital and/or acquisitions.

4. Proposed Renewal of and new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution 9, if passed, will allow the Company and its subsidiary companies to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate"). The explanatory notes on Resolution 9 are set out in the Circular/Statement to Shareholders dated 28 October 2016 which is despatched together with the Company's 2016 Annual Report.

5. Proposed Renewal of Authority for the Company to Purchase its Own Shares

Resolution 10 is proposed to provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 28 October 2016 which is despatched together with the Company's 2016 Annual Report.

6. Proposed Retention of Independent Non-Executive Directors

Resolution 11 and Resolution 12 are proposed pursuant to Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 and if passed, will allow Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad to be retained and to continue to act as Independent Non-Executive Directors of the Company.

The full details of the Board's justifications for the retention of Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad is set out in the Statement on Corporate Governance in the Company's 2016 Annual Report.

7. Proxy and Entitlement of Attendance

1. A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
3. An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.

NOTICE OF ANNUAL GENERAL MEETING

4. An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), may appoint multiple proxies in respect of each of its omnibus account.
5. An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or its duly authorised attorney.
6. The duly executed Form of Proxy must be deposited at the Company’s Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
7. Only members whose names appear in the Record of Depositors as at 16 November 2016 will be entitled to attend and vote at the meeting.

8. Poll voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

FORM OF PROXY

I/We _____
(Name in full)

I.C. or Company No. _____ CDS Account No. _____
(New and Old I.C. Nos. or Company No.)

of _____
(Address)

being a member/members of BERJAYA ASSETS BERHAD hereby appoint:

_____ I.C. No. _____
(Name in full) (New and Old I.C. Nos.)

of _____
(Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Fifty-Sixth Annual General Meeting of the Company to be held at Manhattan I, Level 14, Berjaya Times Square Hotel, Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 23 November 2016 at 10:00 a.m. or any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

	FOR	AGAINST
RESOLUTION 1 – To approve payment of Directors' fees.		
RESOLUTION 2 – To re-elect Chan Kien Sing as Director.		
RESOLUTION 3 – To re-elect Datuk Robert Yong Kuen Loke as Director.		
RESOLUTION 4 – To re-elect Morvin Tan U-Jiang as Director.		
RESOLUTION 5 – To re-appoint YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin as Director.		
RESOLUTION 6 – To re-appoint Dato' Mohd Salleh Bin Ahmad as Director.		
RESOLUTION 7 – To re-appoint auditors.		
RESOLUTION 8 – To approve authority to issue and allot shares.		
RESOLUTION 9 – To renew and to seek shareholders' mandate for Recurrent Related Party Transactions.		
RESOLUTION 10 – To renew authority to purchase its own shares by the Company.		
RESOLUTION 11 – To approve the proposed retention of Heng Kiah Choong as an Independent Non-Executive Director.		
RESOLUTION 12 – To approve the proposed retention of Dato' Mohd Salleh Bin Ahmad as an Independent Non-Executive Director.		

No. of shares held

Signature(s)/Common Seal of Member(s)

Dated this _____ day of _____, 2016.

NOTES:

- A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
- An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or its duly authorised attorney.
- The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- Only members whose names appear in the Record of Depositors as at 16 November 2016 will be entitled to attend and vote at the meeting.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

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AFFIX
STAMP

THE COMPANY SECRETARY
BERJAYA ASSETS BERHAD (3907-W)
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO.1, JALAN IMBI
55100 KUALA LUMPUR

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GROUP ADDRESSES

BERJAYA TIMES SQUARE SDN BHD

Corporate Office:

Lot 08-16, P.O Box. 08-23
Level 8, Berjaya Times Square
No. 1 Jalan Imbi 55100 Kuala Lumpur
Tel : 03-2144 9821
Fax : 03-2143 3055
www.berjayatimesquarekl.com

BERJAYA TIMES SQUARE THEME PARK SDN BHD

Lot 09-103
Level 9, Berjaya Times Square
No. 1 Jalan Imbi 55100 Kuala Lumpur
Tel : 03-2117 3118
Fax : 03-2143 2380
www.berjayatimesquarethemeparkkl.com

BERJAYA WATERFRONT SDN BHD

88, Jalan Ibrahim Sultan
Stulang Laut
80300 Johor Bahru
Johor Darul Takzim
Tel : 07-221 8000
Fax : 07-221 9000
www.berjayawaterfront.com.my

NATURAL AVENUE SDN BHD

Head Office:

Lot 8189 & 8190
Town East, Jalan Pending
93450 Kuching
Sarawak
Tel : 082-333 666
Fax : 082-330 188
www.cashsweep.com.my

Regional Office:

Kuching Regional Office

No. 273-274, Lot 2545-2546
Centraland Commercial Park
Off Jalan Rock
93200 Kuching
Sarawak
Tel : 082-233 466
Fax : 082-233 467

Sibu Regional Office

No. 7, Lorong Wong King Huo 1D
96000 Sibu
Sarawak
Tel : 084-320 202
Fax : 084-320 246

Miri Regional Office

Lot 627, Ground Floor
Jalan Sim Chieng Kay
Off North Yu Seng Road
98000 Miri
Sarawak
Tel : 085-415 331
Fax : 085-415 336

www.berjayatimesquarekl.com
www.cashsweep.com.my