



BERJAYA
BERJAYA ASSETS BERHAD
(Company No. 3907-W)



2017
ANNUAL REPORT

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Greyhound Café, ANSA Kuala Lumpur.



NASB's Special Cash Sweep sales outlet at Bintulu.



Berjaya Times Square Theme Park.

BOARD OF DIRECTORS

Chairman/Non-Independent Non-Executive Director

YAM Tunku Tun Aminah Binti
Sultan Ibrahim Ismail

Executive Directors

Datuk Wira Lye Ek Seang
Morvin Tan U-Jiang
Chryseis Tan Sheik Ling
Koh Huey Min

Non-Independent Non-Executive Director

Chan Kien Sing

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

Datuk Robert Yong Kuen Loke (*Chairman*)
Heng Kiah Choong
Dato' Mohd Salleh Bin Ahmad

REMUNERATION COMMITTEE

Heng Kiah Choong (*Chairman*)
Datuk Robert Yong Kuen Loke
Dato' Mohd Salleh Bin Ahmad

SECRETARIES

Tham Lai Heng Michelle
(MAICSA No. 7013702)
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 PLT
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

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Asian Finance Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities
Berhad

STOCK SHORT NAME

BJASSET (3239)

PLACE OF INCORPORATION AND DOMICILE

Malaysia



Central Park, Berjaya Times Square, Kuala Lumpur.



Deluxe Room, Berjaya Waterfront Hotel, Johor Bahru.



YAM TUNKU TUN AMINAH BINTI SULTAN IBRAHIM ISMAIL

31 years of age, Malaysian, Female

Chairman

Non-Independent Non-Executive

She was appointed to the Board as Chairman on 4 October 2017.

She graduated from the prestigious La Salle School of Arts in Singapore. She is the Chairman of REDtone International Berhad. She has considerable experience in heading private organisations across a broad range of industries and serves as a director on the board of several other private companies, including Berjaya Waterfront Sdn Bhd, REDtone Networks Sdn Bhd, Jauhari Maksima Sdn Bhd and Ibzi Holdings Sdn Bhd. She also holds the Kentucky Fried Chicken franchise in Stulang Laut, Johor Bahru.

She is the current president of the Johor Darul Ta'zim Football Club (also known as JDT), a football club based in Johor Bahru. She is also the Patron of SPCA Johor Bahru and the Chairperson of the Johor Cerebral Palsy Association.

She is a daughter of DYMM Sultan Ibrahim Johor, a major shareholder of the Company.



DATUK WIRA LYE EK SEANG

52 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 Taekwando (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. 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.



MORVIN TAN U-JIANG

27 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 (2008-2010).

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. 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 and a brother of Chryseis Tan Sheik Ling, an Executive Director of the Company.

PROFILE OF DIRECTORS



CHRYSEIS TAN SHEIK LING

29 years of age, Malaysian, Female
Executive Director

She was appointed to the Board as an Executive Director on 7 December 2016. She graduated with a Bachelor of Arts in Liberal International Studies from Waseda University, Tokyo in 2012.

Currently, she is the Chief Executive Officer of Berjaya Times Square Sdn Bhd, a wholly-owned principal subsidiary of the Company, mainly involved in the marketing and overall management of Berjaya Times Square mall.

She is also a Director of Berjaya Assets Food (BAF) Sdn Bhd ("BAF"), another wholly-owned subsidiary of the Company, and she oversees BAF's interest in the Food & Beverage industry. BAF has secured the right to manage the franchise of Greyhound Café from Bangkok, Thailand in Malaysia with the successful opening of its first outlet at Jalan Bukit Bintang, Kuala Lumpur.

She is also a Director and Chairman of Natural Avenue Sdn Bhd ("NASB"), a subsidiary of the Company, since 1 August 2014. NASB is the exclusive agent for Sarawak Turf Club's Special Cash Sweep Number Forecast Lotteries in Sarawak.

Presently, she is an Executive Director of Berjaya Land Berhad and the Head of Marketing for Four Seasons Hotel and Residences Kyoto, Tokyo, a hotel and residences development project undertaken by Berjaya Kyoto Development (S) Pte Ltd, an associated company of Berjaya Land Berhad. She also holds directorships in several other private limited companies.

She is a daughter of Tan Sri Dato' Seri Vincent Tan Chee Yioun, a major shareholder of the Company and a sister of Morvin Tan U-Jiang, an Executive Director of the Company.



KOH HUEY MIN

52 years of age, Malaysian, Female
Executive Director

She was appointed to the Board as an Executive Director on 23 June 2017. 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 27 years of experience in finance, accounting, tax, treasury fields, marketing, business development and shopping complex operations. Prior to joining Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned principal subsidiary of the Company, she was attached to PricewaterhouseCoopers for two years and subsequent to that, she worked in Hong Leong Group of Companies for four years as an Assistant Accountant and subsequently promoted to Accountant. She joined BTSSB in 1994 as a Finance Manager and led the Finance and Admin Department. She was responsible for the overall finance, accounting, tax, treasury and general administration functions of BTSSB. She was promoted to Senior Finance Manager in year 2000, Deputy General Manager-Finance in 2004, General Manager-Finance in 2006 and Senior General Manager in 2009. Currently, she is an Executive Director of BTSSB and oversees the operations of Berjaya Times Square Group. She also holds directorships in various subsidiaries of the Company.



CHAN KIEN SING

61 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 AmlInvestment Bank Berhad) specialising in corporate finance until 1989 when he joined Berjaya Group Berhad.

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

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



DATUK ROBERT YONG KUEN LOKE

65 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 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.

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

PROFILE OF DIRECTORS



HENG KIAH CHOONG

68 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. 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 the Remuneration Committee. He is also a member of the Nomination Committee.



DATO' MOHD SALLEH BIN AHMAD

75 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.

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

65 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 and Chryseis Tan Sheik Ling who are members of the Board.

CHRYSEIS TAN SHEIK LING

29 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 was also appointed to the Board of the Company as an Executive Director on 7 December 2016 and her profile is listed in the Profile of Directors on page 4 of this Annual Report.

KOH HUEY MIN

52 years of age, Malaysian, Female

Executive Director, Berjaya Times Square Sdn Bhd

She was appointed as an Executive Director of BTSSB on 8 January 2013 and heads the Berjaya Times Square group. She was also appointed to the Board of the Company as an Executive Director on 23 June 2017 and her profile is listed in the Profile of Directors on page 4 of this Annual Report.

KEY SENIOR MANAGEMENT

JACKSON LIM KIM BOON

59 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 21 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.

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 2017.

FINANCIAL RESULTS

For the financial year ended 30 June 2017, the Group registered a lower revenue of RM356.4 million compared to revenue of RM387.1 million in the previous financial years mainly due to the gaming business segment operated by Natural Avenue Sdn Bhd (“NASB”) which continued to be impacted by rampant illegal gaming activities. This was partly mitigated by higher revenue reported from the hotel and recreation business segment arising from higher occupancy rates and higher income from the theme park operations as a result of higher ticket sales. Greyhound Café reported higher food and beverage revenue from the full year of operations as compared to the four-month period reported in the previous financial year. The revenue from the property development and property investment business segment was comparable to the previous financial year.



Lifestyle Food Channel at 4th Floor Central offers a wide selection of Asian and international cuisine.

The Group registered a pre-tax profit of RM7.9 million in the financial year under review as compared to a pre-tax loss of RM27.6 million reported in the previous financial year. The turnaround to profit in the current financial year was mainly due to the higher favourable fair value changes of investment properties and finance income arising from the initial recognition of a financial liability at fair value despite the non-cash impairment of goodwill relating to the gaming business segment of RM38.9 million. NASB reported lower profit arising from lower revenue and higher prize payout during the financial year under review.

DIVIDEND

The Board did not recommend any payment of dividend in the financial year under review.

SIGNIFICANT CORPORATE DEVELOPMENTS

1. On 21 June 2016, BAssets announced that its wholly-owned subsidiary, Aroma Kiara Sdn Bhd had 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.

On 1 June 2017, BAssets announced that the said acquisition of 100% equity interest in OASB had been completed.



Hero Supermarket offers fresh produce and groceries.

CHAIRMAN'S STATEMENT

2. 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 from Violet Circle Sdn Bhd for a cash consideration of RM108.0 million. The said acquisition is still pending.
3. On 6 September 2017, BAssets announced that it had proposed to undertake a share split involving the subdivision of every 1 existing ordinary share in BAssets into 2 BAssets shares held on an entitlement date to be determined and announced later ("Proposed Share Split").

The Proposed Share Split will also give rise to adjustments to the exercise price and number of Warrants 2008/2018.

The Proposed Share Split is now subject to the approval of the shareholders of BAssets at an extraordinary general meeting.

PROPERTY INVESTMENT AND DEVELOPMENT

Berjaya Times Square, Kuala Lumpur

Berjaya Times Square Sdn Bhd ("BTSSB"), the principal subsidiary of BAssets, is the major owner of 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 fourteenth year of operations, BTS maintained an occupancy rate of 84% as of 30 June 2017.

Averaging 2.3 million visitors a month, the 12-level stratified shopping complex 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 13 major rides and other exciting attractions;
- The IT Centre covering 34,090 square feet and catering to all modern digital lifestyle needs;



Jardin Coffee & Tea serves premium gourmet coffee in an European infused design cafe.

- The 9-screen Golden Screen Cinemas (GSC);
- 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;
- Asia Lifestyle, 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;
- 2nd Floor East, a brand new area comprising a mix of chic retailers and food outlets offering 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 13 Malaysia Book of Records™ and 1 Guinness World Record.

During the financial year under review, BTS had new additions to its array of cuisine options. At the Lower Ground Floor, shoppers can now indulge in a wider assortment of choices from delectable handmade pizza from Thick O' Thin and delicious on-the-go snacks such as Street Churros, to delightful Thai Iced Tea from Chill Chill. On the Ground Floor, several well-known brands such as J.CO Donuts, Jardin Coffee and 4Fingers Chicken have opened for business to the delight of shoppers. For an even wider selection of Asian and international cuisine, shoppers can head to Taste of Asia at Lower Ground Floor, or Lifestyle Food Channel at 4th Floor Central.

With the opening of Hero Supermarket at the start of 2016, as well as Mr DIY and Harvest Stationery, BTS further strengthened its position as the mall to visit for fun, convenience and leisure.



Berjaya Waterfront Hotel, Johor Bahru's Salt 'n' Pepper Café Restaurant overlooks the Berjaya Waterfront Ferry Terminal.



A NASB draw in progress.

Berjaya Waterfront, Johor Bahru

In Johor Bahru, Berjaya Waterfront (“BWaterfront”) is located strategically within the government-sanctioned Iskandar Malaysia economic zone, featuring 14 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.

In December 2016, BWaterfront hosted a strategic trade forum which saw the pairing and introduction of local entrepreneurs with suppliers from China. The China (Southeast Asia) O2O Fashion Business Matching And Forum organised by the Asia Apparel Alliance was graced by the attendance of the Royal Princess of Johor, YAM Tunku Tun Aminah binti Sultan Ibrahim Ismail and the top management of Evergreen Garment Group, one of China's largest textile wholesale platform and company.

The BWaterfront Ferry Terminal is not only the top choice for both local and foreign travellers; it is also one of the busiest international entry points for travellers from Indonesia for leisure or business. The ferry services take only 90-120 minutes to Harbour Bay and Batam Centre at Batam Island, and 150-180 minutes to Bintan Island at an affordable ticket fare. The ferries are spacious, fully air-conditioned and meet international safety requirements.

The BWaterfront Hotel is located within a 5-minute drive from the main Causeway to Singapore. With close to 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

Menara MSC Cyberport is the first MSC Malaysia Cybercentre in Southern Malaysia with an ISO 9001:2000 certification. With 76 units of office properties having a lettable area of approximately 286,107 square feet within the building, it is located at Jalan Bukit Meldrum in Tanjung Puteri in the heart of Johor Bahru city centre. It is also located next to the Causeway connecting Malaysia to Singapore and opposite the new Customs, Immigration & Quarantine (CIQ) complex. It currently has an occupancy rate of 55%.

CHAIRMAN'S STATEMENT

GAMING

Natural Avenue Sdn Bhd ("NASB")

NASB, the exclusive agent for Sarawak Turf Club's Special Cash Sweep Number Forecast Lotteries, has been in operation since 1995. The principal activities of NASB are the operation, promotion and management of the 1+3D Big/Small and 3D Big games in Sarawak with three draws a week. NASB currently has 3 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 offers Thai food with a creative twist in a modern and trendy ambience. Currently Greyhound Café has two restaurants located at ANSA Kuala Lumpur and Mid Valley Megamall.

FUTURE PROSPECTS

The Malaysian economy registered a growth of 5.8% in the second quarter of 2017 against 4.0% registered in the same quarter of 2016, boosted by strong private consumption and increased private investments.

Given the prevailing economic conditions and financial outlook, the Directors expect the property investment and hotel and related businesses operated by BTSSB group and the gaming business operated by NASB to maintain its occupancy rates and market share respectively, moving forward. The Directors envisage that the operating performance of the Group for the financial year ending 30 June 2018 will be challenging.

APPRECIATION

The Board would like to express its sincere thanks and appreciation to YAM Tunku Dato' Seri Shahabuddin bin Tunku Besar Burhanuddin who resigned as Chairman and Independent Non-Executive Director on 23 February 2017 and Mr Lim Meng Kwong who resigned as Non-Independent Non-Executive Director on 18 May 2017 for their contributions and support to the Board throughout their tenure.

The Board would also like to welcome Ms Chryseis Tan Sheik Ling and Madam Koh Huey Min who were appointed as Executive Directors on 7 December 2016 and 23 June 2017 respectively.

On behalf of the Board, I wish to express our gratitude to the management, employees and agents for their enormous support and commitment throughout the year.

Last but not least, I would like to thank my fellow colleagues on the Board for their contributions towards the Group. I believe that with all the support we have, the Group will be able to achieve greater accomplishments in the financial year 2018.

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail

Chairman

4 October 2017



Greyhound Café, Mid Valley Megamall.

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.

PERFORMANCE REVIEW BY BUSINESS SEGMENTS

PROPERTY INVESTMENT AND DEVELOPMENT

Revenue

For the financial year ended 30 June 2017, Berjaya Times Square Sdn Bhd (“BTSSB”) group’s revenue increased by 4.7% to RM187.9 million compared to RM179.5 million in the previous financial year, mainly attributed to higher revenue reported by its Berjaya Times Square (“BTS”) mall division. Although BTS is operating under a very challenging business environment due to the weakened consumer sentiment and intense competition among shopping malls, it still recorded a 5.3% growth on its rental revenue in the financial year under review, mainly attributed to the effective strategies put in place by its management team.

Berjaya Times Square Theme Park Sdn Bhd reported higher ticket revenue in the financial year under review, attributed to the recovery in local visitor growth and an influx of Middle East tourists who spent their summer holidays in Malaysia.

BTS’s car park division reported slightly lower revenue despite increasing its parking rates since December 2015 due to the latest trend among shoppers who prefer to use Uber and Grab Car services as well as competition from other car park operators in the vicinity of the mall.

Berjaya Waterfront Sdn Bhd’s (“BWSB”) hotel division reported higher revenue attributed to improved performance from its room and food and beverage segments, while its car park division’s increase in revenue was attributed to the installation of additional auto pay machines, abolishment of the 15-minute grace period for cars to leave the car park and an increase in parking rates. BWSB jetty and complex division also reported higher revenue in the financial year under review.

Profit Before Tax

For the financial year ended 30 June 2017, BTSSB group recorded an increase in profit before tax by 114.32% to RM82.3 million compared to RM38.4 million in the previous financial year, mainly due to higher favourable fair value changes of its investment properties. BTSSB group also reported a higher finance income arising from the initial recognition of a financial liability at fair value and interest income, coupled with a significant decrease in administrative and operating costs.

Prospects

BTSSB group’s two main operating units, BTS and BWSB, will continue to improve their malls’ occupancy rates and revenues despite the softer retail environment and intense competition from other new shopping malls. BTS will work closely with its tenants on measures to sustain their businesses and vary its tenant mix to include more food and beverage, and entertainment retail tenants, as well as organise more creative promotional events and activities in order to maintain the footfall of the mall. BTS will also utilise social media as part of its marketing activities to attract more shoppers. BTS’s car park collections have been impacted by more shoppers using Uber and Grab Car services as well as competition from other car park operators within the mall’s vicinity. To counter this, BTS’s car park will offer attractive promotion rates during non-peak periods to generate revenue.

BWSB’s hotel division will continue to focus on its sales and marketing initiatives to boost business volumes from its key leisure markets of China, Indo-China and Asia, while sustaining its key local market. As for the food and beverage business, BWSB’s hotel division will be proactively promoting its food and beverage via social media and also joint promotions with major credit card merchants. Sales and marketing activities for its banqueting business will also be done simultaneously.

MANAGEMENT DISCUSSION AND ANALYSIS

GAMING

Revenue

For the financial year ended 30 June 2017, Natural Avenue Sdn Bhd (“NASB”) recorded a decrease in revenue of 21.1% to RM150.1 million compared to the previous year’s revenue of RM190.2 million, mainly due to lower draw sales as a result of intense competition from rampant illegal gaming and online gaming, and weak consumer sentiment.

Profit Before Tax

NASB’s profit before tax decreased by 58.2% to RM7.6 million compared to RM18.2 million in the previous financial year mainly due to lower draw sales and higher prize payout.

Prospects

Moving into the financial year 2018, NASB is expected to face a challenging landscape because illegal gaming has become rampant in Sarawak. In order to curb illegal gaming issue, NASB is working closely with the relevant authorities on various measures, including carrying out a state-wide anti-illegal gaming campaign. NASB will continue to implement necessary improvements in customer service, relocate its non-performing sales outlets as well as organise promotional activities to improve sales.

FOOD & BEVERAGE

Revenue

For the financial year ended 30 June 2017, Berjaya Assets Food (BAF) Sdn Bhd (“BAF”) recorded revenue of RM4.8 million generated from a full year’s operation of its Greyhound Café restaurant at ANSA Kuala Lumpur as compared to the 4-months’ revenue of RM2.1 million in the previous financial year. The average spend per customer was reduced to RM51 from RM55 in the previous year due to weakened consumer spending and stiffer competition in the food and beverage business.

Loss Before Tax

For the financial year under review, BAF recorded a loss before tax of RM0.9 million, mainly due to an increase in food costs and higher pre-opening expenses of its second outlet at Mid Valley Megamall. The second Greyhound Café restaurant commenced operations in July 2017.

Prospects

BAF targets to open a total of 6 Greyhound Café restaurants within the next four years. BAF will focus on creating its own niche market within the food and beverage industry with its special menu offerings and trendy, fashionably decorated ambience. The quality of its food and beverage will be constantly reviewed to ensure compliance with the quality standards set by its licensor and at the same time, to resonate with customer demands.



100%

■ **BERJAYA TIMES SQUARE SDN BHD**

- Berjaya Times Square, Kuala Lumpur
- Menara MSC Cyberport, Johor Bahru

100%

■ **BERJAYA TIMES SQUARE THEME PARK SDN BHD**

- Berjaya Times Square Theme Park

100%

■ **BTS CAR PARK SDN BHD**

- Car park operator in Berjaya Times Square, Kuala Lumpur

100%

■ **BERJAYA WATERFRONT SDN BHD**

- Berjaya Waterfront Hotel, Johor Bahru
- Berjaya Waterfront Complex, Johor Bahru
- Berjaya Waterfront Ferry Terminal, Johor Bahru

65%**

■ **NATURAL AVENUE SDN BHD**

- Number forecast operator in Sarawak

100%

■ **SUBLIME CARTEL SDN BHD**

- Provision of lottery consultancy and related services

70%

■ **BERJAYA UK INVESTMENT & DEVELOPMENT LIMITED**

- Islington on the Green, London, United Kingdom

100%

■ **BERJAYA ASSETS FOOD (BAF) SDN BHD**

- Licensed operator of "Greyhound Café", Malaysia

100%

■ **ORIENTAL ASSEMBLERS SDN BHD**

- Vehicle assembly and related businesses

** Combined Interest

GROUP FINANCIAL HIGHLIGHTS

Description	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	356,358	387,092	411,945	419,426	361,651
Profit/(Loss) Before Tax	7,891	(27,599)	108,107	121,699	70,841
(Loss)/Profit For The Year	(12,217)	(46,734)	83,977	50,599	52,887
(Loss)/Profit Attributable To Owners Of The Parent	(11,437)	(54,122)	72,711	45,341	45,819
Share Capital	1,447,277	1,113,042	1,113,042	1,113,042	1,113,042
Share Premium	–	258,985	258,985	258,985	258,985
Reserves	795,378	818,837	741,495	707,619	838,085
Equity Funds	2,242,655	2,190,864	2,113,522	2,079,646	2,210,112
Non-controlling Interests	8,672	9,175	416,711	418,681	3,841
Total Equity	2,251,327	2,200,039	2,530,233	2,498,327	2,213,953
Deferred Tax Liabilities	111,126	92,733	85,579	72,937	15,978
Long Term Liabilities	920,713	867,918	551,213	476,153	564,899
Current Liabilities	236,085	298,719	374,041	220,948	214,769
Total Liabilities	1,267,924	1,259,370	1,010,833	770,038	795,646
Total Equity And Liabilities	3,519,251	3,459,409	3,541,066	3,268,365	3,009,599
Property, Plant and Equipment	303,657	286,150	292,401	298,526	304,644
Investment Properties	2,508,166	2,465,298	2,475,216	2,117,775	2,108,636
Other Non-Current Assets	322,180	299,814	298,160	325,897	145,495
Intangible Assets	57,811	96,640	156,002	157,103	158,204
Total Non-Current Assets	3,191,814	3,147,902	3,221,779	2,899,301	2,716,979
Current Assets	327,437	311,507	319,287	369,064	292,620
Total Assets	3,519,251	3,459,409	3,541,066	3,268,365	3,009,599
Net Assets Per Share (RM)	1.89	1.97	1.90	1.87	1.99
(Loss)/Earnings Per Share (Sen)	(1.02)	(4.86)	6.53	4.07	4.12
Gross Dividend Rate (Sen)	–	–	1.00	2.00	2.00

Notes:

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

The share capital for 2017 is inclusive of share premium amounting to RM258,985,000 pursuant to the enactment of Companies Act 2016.

1. REPORTING PROFILE AND SCOPE

Berjaya Assets Berhad's ("BAssets") maiden sustainability statement is prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Sustainability Reporting Guide which highlights the Group's commitment to undertaking business in a responsible and sustainable manner. The information available in this section focuses primarily on the operations and management of the economic, environmental and social sustainability of BAssets for the financial year ended 30 June 2017.

Due to the diverse business nature of the Group, the scope of this first sustainability statement covers material issues arising from its principal business activities in Malaysia, operated under the following subsidiaries - Berjaya Times Square Sdn Bhd ("BTSSB"), Berjaya Times Square Theme Park Sdn Bhd ("BTSTP"), Berjaya Waterfront Sdn Bhd ("BWSB"), and Natural Avenue Sdn Bhd ("NASB").

BAssets recognises the challenges of its operating environment as well as the expectations of its various stakeholders and is committed to continuously evolving and developing a sustainable business that has a positive impact on the community, economy and environment. This statement outlines the various practices that have been embedded into the Group's processes with the ultimate aim of bringing more value to its businesses, society and stakeholders.

The information and data disclosed in this statement were derived from internal reporting processes, systems and records. The structure and contents of this statement is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits.



J.CO Donuts & Coffee is a lifestyle cafe retailer in Asia specialising in doughnuts, coffee and frozen yoghurt.

2. APPROACH TO SUSTAINABILITY AND GOVERNANCE

BAssets believes that with sustainability at the core of its business operations, it will drive the Group's long-term business growth strategy, build a strong workplace culture, and establish mutually beneficial relationships with its stakeholders.

The Group strives to incorporate sustainable business practices in order to minimise adverse environmental and social impacts arising from its daily operations. To this end, it is guided by a long-term sustainability strategy comprising 3 main aspects:

- Economic Sustainability
- Environmental Sustainability
- Social Sustainability

For the year under review, BAssets' sustainability commitment is governed by the Board of Directors of BAssets and representatives from the various businesses in the Group who oversee the overall planning and implementation of sustainable practices across its businesses in a continuous and systematic manner.

3. ECONOMIC SUSTAINABILITY

Economic Impact and Creating Value

One of BAssets' growth strategies is to add value to Kuala Lumpur as a shopping and tourist destination and contribute to the local economy. With Berjaya Times Square ("BTS") mall situated strategically in what is popularly referred to as the Golden Triangle, it provides tourists and locals a one-stop centre with a vibrant tenant mix, offering a variety of retail, food and beverage, and entertainment outlets which include both international and home-grown brands. By supporting local retailers, BTS not only provides a platform for them to market their goods and services but also access to an international crowd, allowing local brands to grow their brand value beyond Malaysian shores. For instance, BTS offers a wide selection of food and beverage choices comprising local brands such as Jardin Coffee, Rasa Utara, TeaLive and Nyonya Colours, and a mix of international brands such as J.CO, KFC, Dragon-i and Starbucks.

SUSTAINABILITY STATEMENT

BAssets acknowledges the importance of building strategic partnerships with its retailers to maintain occupancy rates in its malls and generate footfall. BTSSB and BWSB actively engage with their retailers via various communication channels as well as support them with innovative marketing strategies to boost sales. BTSSB has also taken steps to enrich customer experience by creating themed areas such as Central Park, Asia Lifestyle and 2nd Floor East which have a synergistic effect for the retailers by generating footfalls. BTSSB has also introduced a 'pop-up' store concept to give tenants an opportunity to try new ideas and generate sales. 'Pop-up' stores have the advantage of lower investment costs and greater flexibility to test unique concepts which, if successful, can lead to a permanent contract.

BAssets continues to promote local economic growth by providing ample employment opportunities to Malaysians. It embraces the diversity of its employees who possess varied skill sets and expertise for the many job functions within its different businesses.

BAssets also seeks local suppliers for its procurement requirements to generate direct economic value in the local community. All procurements also adhere to strict standard operating procedures to ensure fair and reliable business transactions.

4. ENVIRONMENTAL SUSTAINABILITY

BAssets endeavours to incorporate ways to reduce the negative impact on the environment through the efficient use of resources and minimising wastage in the course of conducting its businesses.

Waste Management

BAssets adopts the 3R practices of Reduce, Reuse and Recycle as part of its environmental conservation initiatives whereby waste is segregated based on individual categories and materials which can be reused and recycled will be converted into items of various functions. For example, festive and seasonal decorations in its malls and hotel are recycled and reused as much as possible. Bins to segregate recyclable materials from general waste have also been placed within the premises of the malls to create awareness and encourage shoppers to recycle. The use of plastic and polystyrene-based materials are minimised and various measures are incorporated to reduce paper consumption in the offices.

In upholding its environmental consciousness, BAssets also tries as much as possible to engage suppliers who adopt environmentally and socially responsible practices. BAssets also collaborates with various stakeholders on campaigns to raise



Asia Lifestyle offers a variety of novelties and street food and snacks.

awareness on the importance of recycling and responsible waste management. For instance, in June 2017, BWSB collaborated with Yellow Bin, the only social enterprise which is recognised and authorised by the Johor Bahru local regulatory and authority bodies to carry out recycling activities through their 'Recycle to Help Programme' organised at BWSB's mall to create public awareness on the importance of recycling.

Water Conservation

BWSB uses about 60 million gallons of water per year for its operations and the water consumption is monitored on a monthly basis. Water sub-meters are installed for evaluation and monitoring of water consumption as well as early detection of water leaks to enable precise planning and implementation of measures for improvement.

BWSB will continue to explore ways to conserve water further which may include the installation of flow restrictors to regulate the water flow and additional water-efficient fittings. BWSB will also work with relevant organisations to raise awareness and educate its stakeholders on how they can contribute towards water conservation.

Energy Conservation

Energy is one of the largest cost components for a commercial property. As such, the subsidiaries under BAssets regularly monitor their electricity consumption and any unusual deviations are investigated and immediately addressed. Efforts to reduce energy consumption include daily monitoring of air conditioning usage and adjusting the settings to ensure optimal efficiency. Light-emitting diode ("LED") lighting and energy efficient equipment are installed where possible.

With the replacement of more than 9,550 pieces of 58W fluorescent lights with 20W LED fluorescent lights at all levels of its car park, Berjaya Times Square Car Park has managed to achieve 66% in energy savings.

5. SOCIAL SUSTAINABILITY

Health, Safety, Security

BAssets recognises the importance of safeguarding the health, safety and security of the employees, tenants and customers within their respective premises. Various standard operating procedures and health and safety policies are embedded in the daily operations of each company and are strictly adhered to by all employees.

BAssets complies with the regulations set out by the Department of Occupational Safety and Health (“DOSH”) and Fire and Rescue Department Malaysia (“FRDM”) for all its premises. In addition, proper hygiene and pest control inspections are also carried out to ensure hygiene standards are maintained at all times. BTSTP conducts periodic checks and maintenance work for all the rides at the theme park to ensure the safety of its patrons. BWSB ensures that at all times, the security of its ferry terminal is in full compliance with the International Ship and Port Facility Security Code to detect and deter acts which may pose a threat to the maritime security.

Human Capital

In recognising the importance of human capital, BAssets seeks to attract, develop, and retain well-matched talent to support its continuous

growth. By hiring employees who fit well into the company work culture, employees are more engaged in their work, leading to higher productivity and retention. The Group strives to instill and cultivate a positive work culture that is inclusive, respectful, and professional. All employment policies and practices strictly abide by the Employment Act and other legal statutory provisions of the country. Employees are provided with adequate and comprehensive medical and dental coverage, as well as Group Hospitalisation, Surgical and Personal Accident Insurance.

In addition, employees receive training and participate in development programmes to help them hone their skills and fulfil their own personal development goals. Succession planning is also in place to identify and groom future leaders.

Employees are also encouraged to maintain a healthy work life balance. Weekly sports activities, monthly birthday celebrations and company annual dinners are organised to promote employee bonding.

BAssets discourages any form of discrimination, and ensures that equal opportunities are given to everyone based on their merits and talents.

Corporate Social Responsibility (“CSR”)

BAssets recognises the importance of being a responsible corporate citizen. In giving back to the communities in which it operates, the Group actively collaborates with reputable and community-changing organisations to help the less fortunate, as well as promote environmental conservation and local arts and culture heritage.



NASB contributed RM300,000 to STEC Kidney Foundation.



NASB also contributed RM25,000 to Kuching Festival Martial Arts Display organised by Kuching South City Council.

SUSTAINABILITY STATEMENT

During the 1Malaysia Mega Sale Shopping Carnival 2016 and school holidays, BTSSB worked with an organiser to hold the 'We Are All Together - Endangered Species Conservation World Tour' in BTS Mall. The event saw many non-profit organisations such as WWF, Malaysian Nature Society, Shark Savers Malaysia and Creative Volts host an art exhibition which raised awareness on the need for the conservation of endangered species all around the world. Subsequently, BTSSB teamed up with Creative Volts to host the 'Happy Dreamer Art Exhibition 2017' in BTS Mall to help promote up-and-coming artists and illustrators in Malaysia. BTSSB also worked with Yayasan Nanyang Press to raise donations for the poor through their 'Better Life Charity Event' in BTS Mall.

As part of BTSTP's efforts to give back to the community, BTSTP collaborated with various non-profit organisations such as the Berjaya Cares Foundation, Make-A-Wish Foundation and the Rotary Club of Bukit Kiara to spread joy and happiness to underprivileged kids and to enjoy a day at the theme park.

BWSB mall provided donations to children's homes, did charity work at the mosque in Stulang, and collaborated with Pertubuhan Kebajikan Amitabha Malaysia and Hospital Sultan Ismail to organise a blood donation drive during Ramadhan.

BWSB's hotel held a *buka puasa* gathering for underprivileged children during Ramadhan and instantly responded to the flood crisis in the East Coast and to the fire incident at the General Hospital of Johor Bahru by contributing towels, blankets, and packed food for those affected by the disasters.

With the aim of reducing social ills and promoting healthier lifestyles, NASB has been supportive in promoting arts, culture and sports development in the local community. The widely acclaimed Kuching South City Council's Martial Arts Display, Padawan Municipal Council's Borneo Highland Padawan Nature Challenge, Louis Simon Peter Cup rugby tournament, Special Olympics Games and Sarawak Inter-Cultural Mooncake Festival are a few of the meaningful events that were sponsored by NASB on an annual basis. NASB also contributes RM300,000 to STEC Kidney Foundation annually which provides financial assistance to needy patients to undergo dialysis at the centres in Kuching, Sibiu and Miri. To date, more than 250 patients in Sarawak have benefited from this contribution.



Activities during the 'Happy Dreamer Art Exhibition 2017'.

6. LOOKING AHEAD

BAssets is committed to incorporating a sustainable framework within its businesses with the aim of creating more economic value and profitability for its stakeholders. BAssets will continue to increase operational efficiency through the sustainability initiatives which have been put in place, and will strive to implement further sustainable measures to ensure the success of the Group moving forward.



'We Are All Together - Endangered Species Conservation World Tour' saw BTSSB and several non-profit organisations host an art exhibition to raise awareness on the conservation of endangered species.



BWSB collaborated with Surau An-Nur Stulang Laut in the distribution of bubur lambuk during Ramadhan.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Berjaya Assets Berhad (“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 new Malaysian Code of Corporate Governance (“new MCGG”) came into force on 26 April 2017 and superseded the Malaysian Code of Corporate Governance 2012 (“MCGG 2012”). However, all companies will be required to report their application of the recommended practices of the new MCGG in their Annual Report with effect from the financial year ending 31 December 2017. Hence, the Group will only be required to report its application of the recommended practices of the new MCGG in the 2018 Annual Report.

The Board is committed in ensuring that the principles and recommendations as set out in the MCGG 2012 are observed and practised. The following sections explain how the Group has applied the principles of the MCGG 2012 and the extent in which it has applied the principles and complied with the recommendations as set out in the MCGG 2012 throughout the financial year ended 30 June 2017.

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. The Chairman also 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 in this regards have been set out in the Sustainability 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 and as part of the Group's green initiatives to create a paperless meeting environment, 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 all the statutory records of the Company are properly maintained at the Registered Office of the Company.

In meeting with the above advisory role to the Board, the Companies Secretaries will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession.

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.

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.

2. COMPOSITION OF THE BOARD

The Board currently has nine (9) members comprising:-

- The Chairman (Non-Independent Non-Executive);
- Four (4) Executive Directors;
- One (1) Non-Independent Non-Executive Director; 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 6 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. Datuk Robert Yong Kuen Loke - 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 twice during the financial year.

The Board has entrusted specific terms of reference to the Nomination 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 is 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;
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.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year, the Nomination Committee had assessed and recommended to the Board the appointments of Ms Chryseis Tan Sheik Ling and Ms Koh Huey Min as Executive Directors of the Company on 7 December 2016 and 23 June 2017 respectively.

Subsequent to the financial year, the Nomination Committee had also assessed and recommended to the Board the appointment of YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail as the Chairman of the Company on 4 October 2017.

Upon their appointments, the Directors have been briefed on the relevant disclosure and compliance requirements by Bursa Malaysia Securities Berhad (“Bursa Securities”), the Securities Commission and the Companies Act, 1965 as well as the new Companies Act 2016.

Re-election and Re-appointment of Director

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

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 year is required to retire and seek for re-election by the shareholders at the next annual general meeting (“AGM”) to be held following their appointments.

Following the enforcement of the Companies Act 2016 (“the Act”) which came into force on 31 January 2017 repealing the Companies Act, 1965, there is no more age limit for a Director. Therefore, a Director of a public company of or over the age of seventy (70) is no longer subject to retirement at the AGM.

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 Heng Kiah Choong and Datuk Wira Lye Ek Seang. The newly appointed Directors, YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, Ms Chryseis Tan Sheik Ling and Ms Koh Huey Min, 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 2 to 6 of the Annual Report.

At the Fifty-Sixth AGM of the Company held on 23 November 2016, Dato’ Mohd Salleh Bin Ahmad, who is over seventy (70) years of age has been re-appointed as a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the forthcoming Fifty-Seventh AGM in 2017. Hence, his term of office will end at the conclusion of the forthcoming Fifty-Seventh AGM and he will be re-appointed as a Director of the Company at the forthcoming AGM without any further requirement for him to seek re-appointment in future except that he will be subject to retirement by rotation. His profile is set out on page 6 of this 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.

The Nomination Committee also carried out the following activities during the meeting held in August 2017:-

- 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 Directors 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.

Boardroom Diversity

The Board acknowledges the importance of gender, age, nationality, ethnicity and socio-economic background diversity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. The Board does not set any specific target on gender, age, nationality or ethnicity composition but will actively work towards achieving the appropriate boardroom diversity.

The Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

Currently, the Board has three (3) female Directors namely, YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, Ms Chryseis Tan Sheik Ling and Ms Koh Huey Min.

The Board has in place its Board Diversity Policy and a copy of the Policy is available at the Company's website.

Remuneration Policies and Procedures

The Remuneration Committee of the Company currently comprises the following members:-

1. Heng Kiah Choong - Chairman/Independent Non-Executive
2. Dato' Mohd Salleh Bin Ahmad - Member/Independent Non-Executive
3. Datuk Robert Yong Kuen Loke - Member/Independent Non-Executive

The primary function of the Remuneration Committee is 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 enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The Remuneration Committee is also responsible to review the remuneration packages for the Non-Executive Directors of the Company and thereafter recommend the same to the Board for their consideration with the Directors concerned abstaining from deliberations and voting on decisions in respect of his/her individual remuneration package. The Board will then recommend the Directors' fees and other benefits payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM in accordance with Section 230(1) of the Act.

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During the meeting held in August 2017, the Remuneration Committee carried out the following activities:-

- reviewed the terms of reference of the Remuneration Committee;
- reviewed and recommended the proposed revision of the meeting attendance allowances payable to the Non-Executive Directors;
- reviewed and recommended the payment of Directors' Fees for the financial year ended 30 June 2017; and
- reviewed and recommended the payment of Directors' remuneration (excluding Directors' Fees) for the period from 31 January 2017 until the next AGM of the Company to be held in 2018.

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 2017 are as follows:-

Company

	← RM'000 →				
	Fees	Salaries and Other Emoluments	Bonus	Benefits in-kind	Total
Executive	–	135	–	–	135
Non-Executive	130	17	–	–	147
	130	152	–	–	282

Group

	← RM'000 →				
	Fees	Salaries and Other Emoluments	Bonus	Benefits in-kind	Total
Executive	34	1,089	11	9	1,143
Non-Executive	140	17	–	–	157
	174	1,106	11	9	1,300

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	1	5 ^a
250,001 - 300,000	2	–
500,001 - 550,000	1	–
Total	4	5

^a inclusive of one (1) Independent Non-Executive Director who had resigned as a Director on 23 February 2017.

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

3. INDEPENDENCE

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 has 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 2017, 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, 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 Directors

The Board takes cognizance of the recommendation of the MCGG 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 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.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

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 23 November 2016 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 2017, 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.

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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.

Board must comprise a majority of Independent Directors if the Chairman is not an Independent Director

The Board is mindful of the recommendation of the MCCG 2012 that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. Currently, the Chairman of the Company is YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, who is a Non-Independent Non-Executive Director. Compliance with Recommendation 3.5 would require an increase in the current size of the Board. The Nomination Committee has assessed the Board composition and is satisfied that the current size and composition of the Board is considered adequate to provide an optimum mix of skills and experience. The presence of the three (3) Independent Directors, though not forming a majority of the Board members, is sufficient to provide the required checks and balances on the decision making process of the Board. The significant contributions of the Independent Directors in the decision making process were evidenced by their participation as members of the various committees of the Board.

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 2017, the Board met five (5) times and the record of attendance of each Director is set out below:-

Directors	No. of Meetings Attended
Datuk Wira Lye Ek Seang	5/5
Morvin Tan U-Jiang ¹	4/4*
Chryseis Tan Sheik Ling ²	2/2*
Koh Huey Min ³	-/-*
Chan Kien Sing	5/5
Datuk Robert Yong Kuen Loke [#]	3/5
Heng Kiah Choong [#]	5/5
Dato' Mohd Salleh Bin Ahmad [#]	5/5
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin ^{#4}	3/3*
Lim Meng Kwong ⁵	3/4*

[#] Denotes Independent Non-Executive Directors

¹ Mr Morvin Tan U-Jiang was appointed as an Executive Director of the Company on 1 September 2016.

² Ms Chryseis Tan Sheik Ling was appointed as an Executive Director of the Company on 7 December 2016.

³ Ms Koh Huey Min was appointed as an Executive Director of the Company on 23 June 2017. There was no Board Meeting being held subsequent to the date of her appointment up to 30 June 2017.

⁴ YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin has resigned as the Chairman/Director of the Company on 23 February 2017.

⁵ Mr Lim Meng Kwong has resigned as a Director of the Company on 18 May 2017.

* Reflects the attendance and the number of meetings held during the financial year since the Director held office.

Subsequent to the financial year, YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail has been appointed as Non-Independent Non-Executive Director of the Company on 4 October 2017.

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 recognizes 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.

As at the date of this statement, all the Directors, except for YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail who was only appointed as the Chairman on 4 October 2017, have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail will attend the MAP within the period prescribed by Bursa Securities.

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.

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

Directors	Seminars/Conferences/Forum
Datuk Wira Lye Ek Seang	<ul style="list-style-type: none"> - Board Chairman Series Part 2: Leadership Excellence from the Chair - Corporate Governance Breakfast Series with Directors: "Anti-Corruption & Integrity – Foundation of Corporate Sustainability" - Sustainability Forum for Directors/Chief Executive Officer: "The Velocity of Global Change & Sustainability – The New Business Model" - FTSE4 Good Bursa Malaysia Index Briefing
Morvin Tan U-Jiang	<ul style="list-style-type: none"> - Global Transformation Forum 2017
Chryseis Tan Sheik Ling	<ul style="list-style-type: none"> - Corporate Governance Education Program/Empowering Women Series - Global Transformation Forum 2017
Chan Kien Sing	<ul style="list-style-type: none"> - Directors as Gatekeepers of Market Participants - Business Challenges and Regulatory Expectations - Risk Oversight and Compliance – Action Plan for Board of Directors - Current and Emerging Regulatory Issues in the Capital Market - MIA Conference 2016 - FTSE4 Good Bursa Malaysia Index Briefing

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4. BOARD COMMITMENT (CONTD.)

Directors	Seminars/Conferences/Forum
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"> – The Inside Story of the Annual Report: What Directors Must Know – FTSE4 Good Bursa Malaysia Index Briefing
Dato' Mohd Salleh Bin Ahmad	<ul style="list-style-type: none"> – Launch of the AGM Guide & Corporate Governance Breakfast Series: "How to Leverage on AGMs for Better Engagement with Shareholders" – Corporate Governance Breakfast Series with Directors: "Anti-Corruption & Integrity – Foundation of Corporate Sustainability"

Subsequent to the financial year ended 30 June 2017, Ms Koh Huey Min had attended the MAP on 10 and 11 August 2017.

5. FINANCIAL REPORTING

Directors' Responsibility Statement in respect of Financial Statements

The Act requires the Directors to prepare financial statements for each financial year which gives 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 for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable financial reporting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- 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 2017, 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 Act. 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 ("ARMC") 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 ARMC and approved by the Board before they were released to Bursa Securities. The ARMC 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 ARMC 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 ARMC. Under the existing practice, the ARMC 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 ARMC 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 ARMC 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 ARMC's assessment of their independence, the External Auditors will provide the ARMC 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 ARMC 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 ARMC of the Company.

The ARMC 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 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.

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 ("FYE") 30 June 2017 were as follows:-

	Company		Group	
	FYE2017 RM'000	FYE2016 RM'000	FYE2017 RM'000	FYE2016 RM'000
Statutory audit fees paid/payable to:-				
– Deloitte Malaysia	50	35	303	278
– Affiliates of Deloitte Malaysia	–	–	–	–
Total (a)	50	35	303	278
Non-audit fees paid to:-				
– Deloitte Malaysia	21	25	37	29
– Affiliates of Deloitte Malaysia	–	–	–	–
Total (b)	21	25	37	29
% of non-audit fees (b/a)	42%	71%	12%	10%

In considering the nature and scope of non-audit fees, the ARMC 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 ARMC 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 ARMC 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 ARMC 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 ARMC, with the recommendations for improvement to the control procedures.

STATEMENT ON CORPORATE GOVERNANCE

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.

The Board recognises the importance of timely dissemination of material 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 23 November 2016 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 LT Lim & Associates.

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.

The Board has identified Mr Heng Kiah Choong as the Senior Independent Non-Executive Director of the Board to whom queries or concerns may be conveyed.

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 2017.

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 Statement on Risk Management and Internal Control ("SRMIC"), which has been prepared in accordance with the Guidance, is set out below.

RESPONSIBILITY

The Board of Directors of Berjaya Assets Berhad ("the Board") recognizes 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 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 recognizes 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 its 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 risks levels. 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 ARMC 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.

Internal Audit Function

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 Board also reviews the minutes of meetings of the ARMC. The Report of the Audit and Risk Management Committee is set on pages 36 to 40 of the Annual Report.

Review of SRMIC by External Auditors

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The external auditors have performed limited assurance procedures on the SRMIC pursuant to the scope set out in Recommended Practice Guide (“RPG”) 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the Annual Report of the Group for the year ended 30 June 2017, and reported to the Board that nothing has come to their attention that causes them to believe the SRMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the SRMIC factually incorrect.

RPG 5 does not require the external auditors to consider whether the Board’s SRMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board and management thereon. The report from the external auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Securities and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

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 2017.

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 five (5) meetings during the financial year ended 30 June 2017. The details of attendance of the members are as follows:

Name	Attendance
Heng Kiah Choong	5/5
Chan Kien Sing	5/5
Dato’ Mohd Salleh Bin Ahmad	5/5

The ARMC meetings were convened with proper notices and agenda and these were distributed to all members of the ARMC with sufficient notification. The minutes of each of the ARMC meetings were recorded and tabled for confirmation at the next ARMC meeting and tabled at the Board Meeting for the Directors’ review and notation.

The Executive Directors of the Company, the General Manager of Group Internal Audit, the Senior General Manager of Group Accounts and Budgets of Berjaya Corporation Berhad 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

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

Date of Meetings	Review of Quarterly Financial Statements
24 August 2016	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 June 2016
30 November 2016	First quarter results for the financial year ended 30 June 2017
21 February 2017	Second quarter results for the financial year ended 30 June 2017
25 May 2017	Third quarter results for the financial year ended 30 June 2017

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

- 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 2016 together with the Management and the External Auditors at its meeting held on 4 October 2016 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 2016 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 2017 at its meeting held on 4 October 2016.
- 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 4 October 2016 without the presence of Management during the review of the audited financial statements for the year ended 30 June 2016 to discuss any problems/issues arising from the audit review.
- c. reviewed with the External Auditors at the meeting held on 25 May 2017, their audit plan in respect of the financial year end of 30 June 2017, outlining the auditors' responsibilities, materiality, significant risks and areas of audit focus, consideration of fraud, internal control plan, involvement of internal auditors, involvement of internal specialists, involvement of component auditors, timing of audit, engagement quality control, independence policies and procedures, financial reporting and other updates, key highlights under the new Companies Act 2016, Bursa Malaysia sustainability reporting for listed issuers, new and revised Auditor Reporting Standards and amendments to the Main Market and Ace Market Listing Requirements of Bursa Securities.

Internal Audit

- a. reviewed eight 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. Management of ferry terminal;
 - iii. Investment holding, property investment and property development;
 - iv. Operation of hotel;
 - v. Management and operation of theme park; and
 - vi. Operation of Sarawak Turf & Equestrian 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.

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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- b. reviewed and approved the Internal Audit Plan for financial year ending 30 June 2018 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 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 Extraordinary General Meeting or Annual General Meeting 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 Securities).

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 by the Company and/or its subsidiary companies of up to 1.0 million ordinary shares 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;
- ii. proposed acquisition by the Company and/or its subsidiary companies of such number of ordinary shares in 7-Eleven Malaysia Holdings Berhad from Berjaya Retail Berhad via direct business transactions over a period of 6 months based on the then prevailing market price for a total cash consideration of up to RM30.0 million;
- iii. proposed acquisition by the Company and/or its subsidiary companies of additional ordinary shares of up to 22.0 million in 7-Eleven Malaysia Holdings Berhad in the open market or via direct business transactions over a period of 6 months based on the then prevailing market prices;
- iv. proposed acquisitions by the Company and/or its subsidiary companies of up to 5.0 million ordinary shares in Berjaya Land Berhad and up to 1.5 million ordinary shares in Berjaya Food Berhad, both in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices;

- v. proposed acquisitions by the Company and/or its subsidiary companies of up to 4.0 million ordinary shares in Berjaya Food Berhad in the open market or via direct business transactions over a period of 6 months based on the then prevailing market prices; and
- vi. proposed acquisition by the Company and/or its subsidiary companies of up to 2.0 million ordinary shares in Berjaya Sports Toto Berhad 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.
- 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

- a. 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.
- b. Reviewed and recommended to the Board for approval the revised terms of reference of ARMC following the amendments to the Main Market Listing Requirements of Bursa Securities which took effect from 3 May 2016 as follows:-
 - (i) to make available the terms of reference of the ARMC on the Company's website; and
 - (ii) to strengthen the role of the ARMC when reviewing financial statements by requesting the ARMC to also focus on amongst others, significant matters highlighted in the financial statements and significant judgements made by management.

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 2017 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 2017 was approximately RM250,000.

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.