



BERJAYA
BERJAYA ASSETS BERHAD
[Company No. 3907-W]



ANNUAL REPORT 2018

VISION

To be an organisation which incorporates good governance and a commitment to excellence in our business practices and generates profitable returns in alignment with our business goals and interests of all our stakeholders.

MISSION

- 1 To deliver quality and innovation through our products and services which will increase the strength of our brand and enhance value for our shareholders.
- 2 To provide career development opportunities for our employees to realise their full potential within the organisation.
- 3 To generate sustainable and profitable growth across our businesses.

CONTENTS

| | | | |
|----|---|-----|---|
| 01 | Corporate Information | 45 | Statement of Directors' Responsibility in Respect of the Audited Financial Statements |
| 02 | Profile of Directors | 46 | Financial Statements |
| 07 | Key Senior Management | 166 | List of Properties |
| 08 | Chairman's Statement | 168 | Other Information |
| 12 | Management Discussion & Analysis | 169 | Recurrent Related Party Transactions of A Revenue or Trading Nature |
| 14 | Corporate Structure | 174 | Statistics on Shares and Warrants |
| 15 | Group Financial Highlights | 178 | Statement of Directors' Shareholdings |
| 16 | Sustainability Statement | 179 | Substantial Shareholders |
| 22 | Corporate Governance Overview Statement | 180 | Notice of Annual General Meeting Form of Proxy |
| 36 | Statement on Risk Management and Internal Control | | |
| 39 | Audit and Risk Management Committee Report | | |

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman/Non-Independent Non-Executive Director

YAM Tunku Tun Aminah Binti
Sultan Ibrahim Ismail

Executive Directors

Datuk Wira Lye Ek Seang
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
Datuk Robert Yong Kuen Loke
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 10-04A & 10-04B, Level 10, West
Berjaya Times Square
No. 1 Jalan Imbi
55100 Kuala Lumpur
Tel : 03 - 2145 0533
Fax : 03 - 2145 9702

AUDITORS

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)
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
Kuwait Finance House (Malaysia)
Berhad
Malayan Banking Berhad
MBSB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

STOCK SHORT NAME

BJASSET (3239)

PLACE OF INCORPORATION AND DOMICILE

Malaysia

PROFILE OF DIRECTORS



YAM TUNKU TUN AMINAH BINTI SULTAN IBRAHIM ISMAIL

32 years of age, Malaysian, Female

Chairman, Non-Independent Non-Executive Director

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail was appointed to the Board as Chairman on 4 October 2017.

Her Royal Highness graduated from the prestigious La Salle School of Arts in Singapore. Her Royal Highness is the Chairman of REDtone International Berhad. Her Royal Highness has considerable experience in heading private organisations across a broad range of industries and is 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. Her Royal Highness also holds the Kentucky Fried Chicken franchise in Stulang Laut, Johor Bahru.

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

Her Royal Highness is a daughter of DYMM Sultan Ibrahim Johor, a major shareholder of the Company.

PROFILE OF DIRECTORS



DATUK WIRA LYE EK SEANG

53 years of age, Malaysian, Male

Executive Director

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

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

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

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



CHRYSEIS TAN SHEIK LING

30 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.

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 a Non-Executive Director of Berjaya Food Berhad. She is also the Head of Marketing for Four Seasons Hotel and Hotel Residences Kyoto, Japan, 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 Yoon, a major shareholder of the Company.

PROFILE OF DIRECTORS



KOH HUEY MIN

53 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 28 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

62 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 and 7-Eleven Malaysia Holdings Berhad. 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.

PROFILE OF DIRECTORS



DATUK ROBERT YONG KUEN LOKE

66 years of age, Malaysian, Male

Independent Non-Executive Director

He was appointed as a Non-Independent Non-Executive Director of the Company on 9 April 2001. He was subsequently re-designated as an Independent Non-Executive Director of the Company on 1 December 2009. 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 The 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, Berjaya Sports Toto Berhad and Berjaya Media Berhad.

Datuk Robert Yong Kuen Loke is the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee of the Company.



HENG KIAH CHOONG

69 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.

PROFILE OF DIRECTORS



DATO' MOHD SALLEH BIN AHMAD

76 years of age, Malaysian, Male

Independent Non-Executive Director

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

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

Save as disclosed, none of the Directors have:-

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

KEY SENIOR MANAGEMENT

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

66 years of age, Malaysian, Male
Executive Chairman, Berjaya Times Square Sdn Bhd ("BTSSB")

He is a businessman and entrepreneur with more than four decades of entrepreneurial experience and has diverse interests in property development and investment, gaming, lottery management, stockbroking, motor distribution, 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, 7-Eleven Malaysia Holdings Berhad, Berjaya Retail Berhad, Intan Utilities Berhad, U Mobile Sdn Bhd and MOL Ventures Pte Ltd.

Currently, he is the Executive Chairman of Berjaya Corporation Berhad and the Chairman of U Mobile Sdn Bhd, Cosway (M) Sdn Bhd and Country Farms 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 and also in Berjaya Corporation group of companies. He was appointed as Executive Chairman of BTSSB on 1 March 2002.

His daughter, Chryseis Tan Sheik Ling is a member of the Board. His son, Tan U-Peng is the Managing Director of Berjaya UK Investment & Development Limited ("BIDL") and his nephew, Tan Yew Chuan is the Senior General Manager of Berjaya Waterfront Sdn Bhd ("BWSB").

TAN YEW CHUAN

35 years of age, Malaysian, Male
Senior General Manager, BWSB

He was appointed as the Senior General Manager of BWSB on 7 February 2017 to lead the various business divisions of BWSB.

He graduated from the London School of Economics & Political Science, University of London with a Bachelor's Degree in Actuarial Science in 2005. He has more than 8 years of working experience in investment banking with various international banks including Citigroup, Standard Chartered Bank and Standard Bank of ICBC. During his years in banking, he developed client relationships and expertise in infrastructure advisory, mining finance, equity and equity-linked products, as well as debt advisory.

He first ventured into the corporate world in 2014 with listed property developer Tropicana Corporation Berhad, focusing on corporate finance, business development and marketing as well as project development in the Iskandar Region.

His uncle, Tan Sri Dato' Seri Vincent Tan Chee Yioun is the Executive Chairman of BTSSB and a major shareholder of the Company. His cousins, Chryseis Tan Sheik Ling is a member of the Board and Tan U-Peng is the Managing Director of BIDL.

TAN U-PENG

26 years of age, Malaysian, Male
Managing Director, BIDL

He graduated with a Bachelor of Science (BSc, Hons) in Sports and Exercise Science in 2013 from Loughborough University and a Master's Degree (MSc) in Social Epidemiology from University College London (UCL) in 2015.

He started his career in automotive retail with H.R. Owen in 2016 where he currently holds the position of Executive Director. His scope of work covered senior management restructuring, and currently covers all aspects of the business by providing a supportive function in the strategic direction and management of the company. He also oversees some investments by H.R. Owen.

He started his career with BIDL on 1 November 2016 as the Managing Director overseeing the development of the assets held by the company. BIDL currently holds a 70-unit apartment block unit in the heart of Islington, North London. It also holds an undeveloped 514 seat theatre auditorium, accompanied with a maximum of 1,449sqm undeveloped commercial space.

His father, Tan Sri Dato' Seri Vincent Tan Chee Yioun is the Executive Chairman of BTSSB and a major shareholder of the Company. His sister, Chryseis Tan Sheik Ling is a member of the Board and his cousin, Tan Yew Chuan is the Senior General Manager of BWSB.

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

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

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Berjaya Assets Berhad ("BAssets"), I'm pleased to present the Annual Report and Audited Financial Statements for the financial year ended 30 June 2018.

FINANCIAL RESULTS

For the financial year ended 30 June 2018, BAssets registered a lower revenue of RM312.7 million as compared to a revenue of RM356.4 million in the previous financial year mainly due to the gaming business segment operated by Natural Avenue Sdn Bhd ("NASB") which was impacted due to the continuous proliferation of both physical and online outlets offering illegal lotteries sales. The property investment and development business segment reported lower revenue due to lower rental and jetty income. The hotel and recreation business segment's revenue was lower compared to the previous financial year due to lower occupancy rate.

The Group registered a pre-tax loss of RM12.6 million in the financial year under review as compared to a pre-tax profit of RM7.9 million reported in the previous financial year mainly due to the lower profit contribution from all business segments from lower revenue achieved and higher operating expenses. The Group also accounted for a non-cash impairment of goodwill amounting to RM20.5 million and impairment in value of quoted investments amounting to RM35.6 million.



Bread Story x Lady Croissant is a croissant specialty store offering freshly baked sweet and savoury croissants.



The new Samsung Concept Store offers latest mobile gadgets and accessories.

These were partly mitigated by the share of profit equity-accounted for by the Group from a joint venture, namely, TREC Holdings Sdn Bhd. In addition, in the previous financial year, the Group accounted for a one-off finance income arising from the initial recognition of a financial liability at fair value.

DIVIDEND

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

SIGNIFICANT CORPORATE DEVELOPMENTS

1. On 24 November 2017, BAssets announced the completion of the subdivision of every 1 existing ordinary share in BAssets into 2 BAssets shares following the listing of and quotation for 2,558,270,718 subdivided shares and 249,888,548 additional BAssets warrants on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").
2. On 29 March 2018, BAssets undertook a bonus issue of up to 1,279,135,359 new free warrants on the basis of 1 warrant for every 2 existing BAssets shares held ("Bonus Issue"). The Bonus Issue was completed on 13 June 2018 following the listing of and quotation for the entire new warrants issued on the Main Market of Bursa Securities.
3. On 10 April 2012, Berjaya Waterfront Sdn Bhd ("BWSB"), a 100%-owned subsidiary of BAssets, had entered into an agreement to acquire lease interest in a parcel of land known as Lot No. PTB 20379 measuring about 4.285 acres ("Land") from Kelana Megah Sdn Bhd ("KMSB") for a cash consideration of RM27.99 million ("Agreement").

CHAIRMAN'S STATEMENT

The Agreement is still pending certain conditions precedent to be fulfilled, which include, among others, the alienation of the Land by the State Government of Johor ("SGOJ") and the granting of a 99-year lease interest to KMSB ("Privatisation"). The SGOJ subsequently approved the Privatisation, subject to, among others, the payment of RM13.5 million as development returns ("Development Returns").

On 8 May 2018, BWSB entered into a supplemental agreement with KMSB for the inclusion of the payment of the Development Returns and extension of the completion date of the Agreement to 9 April 2019.

PROPERTY INVESTMENT AND DEVELOPMENT

Berjaya Times Square, Kuala Lumpur

Berjaya Times Square Sdn Bhd ("BTSSB"), the principal subsidiary of BAssets, is the major owner and manages the Berjaya Times Square ("BTS") mall in Kuala Lumpur. BTS mall 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 market locals, BTS mall 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 fifteenth year of operations, BTS mall maintained an occupancy rate of 85% as at 30 June 2018.

Averaging 2.0 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 digitally animated attractions;
- The IT Centre covering 34,090 square feet and catering to all modern digital lifestyle needs;
- The 9-screen Golden Screen Cinemas (GSC);
- Ampang Superbowl - one of the largest bowling centres in the country with 48 lanes;
- 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;



Liang Sandwich Bar offers crispy fried Taiwanese-style scallion pancake with variety of fillings.

- Tiny Taipei, the shopping district at 3rd Floor East measuring 6,459 square feet. It is home to 43 small lots that host a variety of fashion, knick-knacks and novelties; and 7 kiosks serving street food and snacks.

BTS mall 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 mall has garnered over 13 Malaysia Book of Records™ and 1 Guinness World Records™.

Furthermore, BTS mall added to its array of cuisine options at the Lower Ground Floor. Shoppers can now delight themselves in a wide assortment of choices such as delectable scallion sandwiches from Taiwan Superstar Jay Chou-endorsed Liang Sandwich Bar, savoury delights from Bread Story x Lady Croissant, juicy burgers from Burger King and an all-new ice-cream pop-up kiosk by McDonald's to satisfy all ice-cream lovers. For an even wider selection of Asian and international cuisine, shoppers can head to Taste of Asia food court.

What's even more exciting is that Skechers, Tomorrow Showtime, 7Days, Common Sense and a new Samsung Concept Store were added to the roster of tenants for the latest fashion and mobile solutions during the financial year under review.

CHAIRMAN'S STATEMENT

Berjaya Waterfront, Johor Bahru

The principal activities of Berjaya Waterfront, Johor Bahru comprises a complex, hotel, car park and ferry terminal operations. The properties are strategically located within the Government-sanctioned Iskandar Malaysia economic zone.

Berjaya Waterfront Complex has a 4-storey shopping centre podium with basement, and annexed with a 6-level car park catering to an assortment of retail, entertainment, dining and recreation options.

The new TechWorld at Level 2 was officially opened in March 2018 catering to the needs of IT, camera, handphones and gadgets enthusiasts. The link bridge at Level 2 which connects the complex to the ferry terminal was opened in August 2017, enabling better access to both complex and ferry terminal.

During the financial year under review, there were additional new tenants such as Kenny Rogers ROASTERS, Wendy's, 7-Eleven and Cosway.

Berjaya Waterfront Ferry Terminal is 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.

Berjaya Waterfront Hotel, Johor Bahru is a 4-star hotel with an inventory of 400 rooms, food & beverage outlets, and function rooms located within a 5-minute drive from the main Causeway to Singapore.



Deluxe King room at Berjaya Waterfront Hotel, Johor Bahru.

Menara MSC Cyberport, Johor Bahru

Located in Johor Bahru, Menara MSC Cyberport is the first MSC Malaysia Cybercentre in Southern Malaysia with an ISO 9001:2000 certification. There are 76 units of office properties amounting to approximately 286,107 square feet within the building, which is located at Jalan Bukit Meldrum in Tanjung Puteri, in the heart of Johor Bahru city centre. Furthermore, it is also located next to the Causeway connecting Malaysia to Singapore and just opposite the Customs, Immigration & Quarantine (CIQ) complex. This acquisition was a move to expand the company's property portfolio and to further enhance its presence in the emerging economic hub of Johor. The current occupancy rate is at 46%.

GAMING

Natural Avenue Sdn Bhd

Natural Avenue Sdn Bhd ("NASB") is the exclusive agent for Sarawak Turf Club's Special Cash Sweep Number Forecast Lotteries, and has been in operation since 1995. NASB's principal activities include 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.



NASB's newly relocated Cash Sweep Sales Outlet in Miri.

CHAIRMAN'S STATEMENT



Greyhound Café offers Thai food with a creative twist.

FOOD & BEVERAGE

Berjaya Assets Food (BAF) Sdn Bhd

Berjaya Assets Food (BAF) Sdn Bhd (“BAF”) obtained a franchise 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. Greyhound Café has two restaurants in Klang Valley, located at ANSA Kuala Lumpur and Mid Valley Megamall.

FUTURE PROSPECTS

The Malaysian economy registered a growth of 4.5% in the second quarter of 2018, a slower growth as compared to the first quarter of 2018 at 5.4%.

Given the prevailing economic conditions and financial outlook, the Directors expect the property investment and hotel and related businesses operated by BTSSB group to maintain their occupancy rates and market share respectively going forward. The Directors envisage that the operating performance of the Group for the financial year ending 30 June 2019 will be challenging.

APPRECIATION

On behalf of the Board, I would like to express our sincere thanks to Mr Morvin Tan U-Jiang who resigned as Executive Director on 27 February 2018 for his contributions and support to the Board throughout his tenure.

Our heartfelt thanks go to the management, employees and agents for their continued support and commitment throughout the year.

Last but not least, I would like to record my deepest appreciation to my fellow colleagues on the Board for their contribution towards the success of the Group, and I look forward to working with all of you in the financial year 2019 to ensure the continuous growth and success of the Group.

YAM TUNKU TUN AMINAH BINTI SULTAN IBRAHIM ISMAIL

Chairman

22 October 2018

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

PERFORMANCE REVIEW BY BUSINESS SEGMENTS

PROPERTY INVESTMENT AND DEVELOPMENT

Revenue

For the financial year ended 30 June 2018, Berjaya Times Square Sdn Bhd (“BTSSB”) group’s revenue declined by 6.1% to RM176.4 million compared to RM187.9 million in the previous financial year. The decline was mainly due to a challenging business environment caused by a sluggish market economy and intense competition among shopping malls and hoteliers.

Berjaya Times Square (“BTS”) mall reported lower rental revenue for the financial year under review mainly due to the transition period during tenant swap and tenancy renewal in which no rental was generated during the vacant and renovation period. In addition, BTS mall also received lesser monthly gross sales turnover from its tenants as their businesses were hit by a sluggish economic environment and intense competition from other new shopping malls.

BTS mall’s car park collections were also affected by the soft consumer market sentiment and intense competition among shopping malls and other adjacent car park operators as well as popular e-hailing services such as Grab Car.

Meanwhile, Berjaya Times Square Theme Park (“BTSTP”) reported higher ticket revenue for the financial year under review attributed to a price hike to the foreign visitor category and this benefited the company with the influx of Middle East tourists who spent their summer holidays in Malaysia.

Berjaya Waterfront’s shopping complex recorded lower revenue for the financial year under review despite recording an improvement in its occupancy rate from 38% to 47%. The lower revenue was due to the lesser payment received on the gross sales turnover from its duty free zone tenant. Meanwhile, its car park division reported an 18% growth in revenue attributed to tighter internal control via the installation of additional auto pay machines, cashless payments via Touch N Go card and increase in parking rates. However, its jetty division reported a 12.3% drop in revenue mainly due to a sharp decline in high speed diesel sales. Berjaya Waterfront’s hotel division also experienced an 11.6% decline in revenue as a result of lower room occupancy rates due to the presence of a number of new hotels in Johor Bahru which has also affected its food and beverage segment.

Loss Before Tax

For the financial year ended 30 June 2018, BTSSB group reported a loss before tax of RM1.6 million compared to a profit before tax of RM82.3 million in the preceding financial year. The challenging business environment contracted BTSSB group’s net total operating income by RM6.7 million in the financial year under review. BTSSB group also reported an increase in administrative and operating expenses by RM30.3 million mainly due to higher directors’ remuneration and salary costs as well as higher costs of goods purchased. Finance costs increased by RM7.1 million due to higher amounts of unwinding interest and loan interest expense.

BTSSB group registered lower favourable fair value changes of RM0.35 million of its investment properties during the financial year under review compared to the RM29.2 million favourable fair value changes of its BTS mall car park division and Berjaya Waterfront’s vacant land in the previous financial year.

In the previous financial year, BTSSB group also reported a higher finance income mainly arising from the initial recognition of a financial liability at fair value.

However, BTSSB group recorded a higher gain on disposal of investment properties in the financial year under review and lower provision for doubtful debts which partly mitigated the effects of the adverse operating environment.

Prospects

Moving forward, BTS mall and Berjaya Waterfront will continue to intensify their efforts to entice potential tenants and improve the overall occupancy rate despite operating under a challenging economic environment and intense competition from other shopping malls. BTS mall will maximise the use of social media to make BTS mall a first choice destination for shoppers and event organisers which will, in turn, benefit its tenants, theme park and car park divisions.

BTSTP has almost completed the first phase of its asset enhancement initiative programme. Upon the completion of this programme, visitors will enjoy the excitement brought by the fun-filled interactive games projector systems, carnival games and a rock climbing structure. The addition of these new assets will entice more visitors to the largest indoor theme park in Malaysia and hence, produce a better turnover volume in the next financial year.

In Johor Bahru, Berjaya Waterfront’s hotel division expects that its room occupancy rate will be improved upon the completion of its room refurbishment exercise. More attractive packages will be introduced to strengthen demand from various market segments, especially the leisure, transient, corporate and Government agencies.

MANAGEMENT DISCUSSION AND ANALYSIS

The hotel will secure more corporate and association events, Government functions, wedding and social events to grow its banqueting business segment.

GAMING

Revenue

For the financial year ended 30 June 2018, Natural Avenue Sdn Bhd ("NASB") recorded a drop in revenue of 24.4% to RM113.5 million compared to the previous year's revenue of RM150.1 million, mainly due to lower draw sales as a result of intense competition from rampant illegal gaming and online gaming, new games launched by competitors and also weak consumer sentiment.

Profit Before Tax

NASB recorded a marginal drop in profit before tax of 0.1% to RM7.56 million compared to RM7.57 million in the previous financial year. Despite the lower lottery sales, the comparable profit was due to lower prize payout during the financial year under review.

Prospects

The Federal Government implemented the Sales and Services Tax ("SST") with effect from 1 September 2018 following the abolishment of Goods and Services Tax ("GST"). Following this, NASB has absorbed SST as it did in the past with GST on its sales. However, unlike GST, NASB's operating cost has increased as it is unable to claim for any input SST.

NASB operates in a challenging environment as it faces competition from Number Forecast Operators with more game offerings as well as illegal gaming operators offering higher winning prizes on both online and offline services which have proliferated in the State of Sarawak. These allowed punters more options to place their bets other than with NASB.

NASB will continue to work with the authorities to curb illegal gaming activities and to explore opportunities to introduce new game variants or mobile betting service with the authorities. NASB will continue to carry out necessary improvements in customer service and also organise promotional and public relations activities to improve sales.

FOOD & BEVERAGE

Revenue

For the financial year ended 30 June 2018, Berjaya Assets Food (BAF) Sdn Bhd ("BAF") recorded an increase in revenue of 69% to RM8.1 million compared to the previous year's revenue of RM4.8 million, mainly due to additional income from its second outlet at Mid Valley Megamall which commenced operations in July 2017. The average spend per customer remained consistent at RM51 amid stiff competition in the food and beverage business.

Loss Before Tax

For the financial year under review, loss before tax reduced by 45% to RM0.4 million as compared to RM0.9 million in the previous financial year mainly due to higher sales and better control of food and beverage costs, administrative and operating costs.

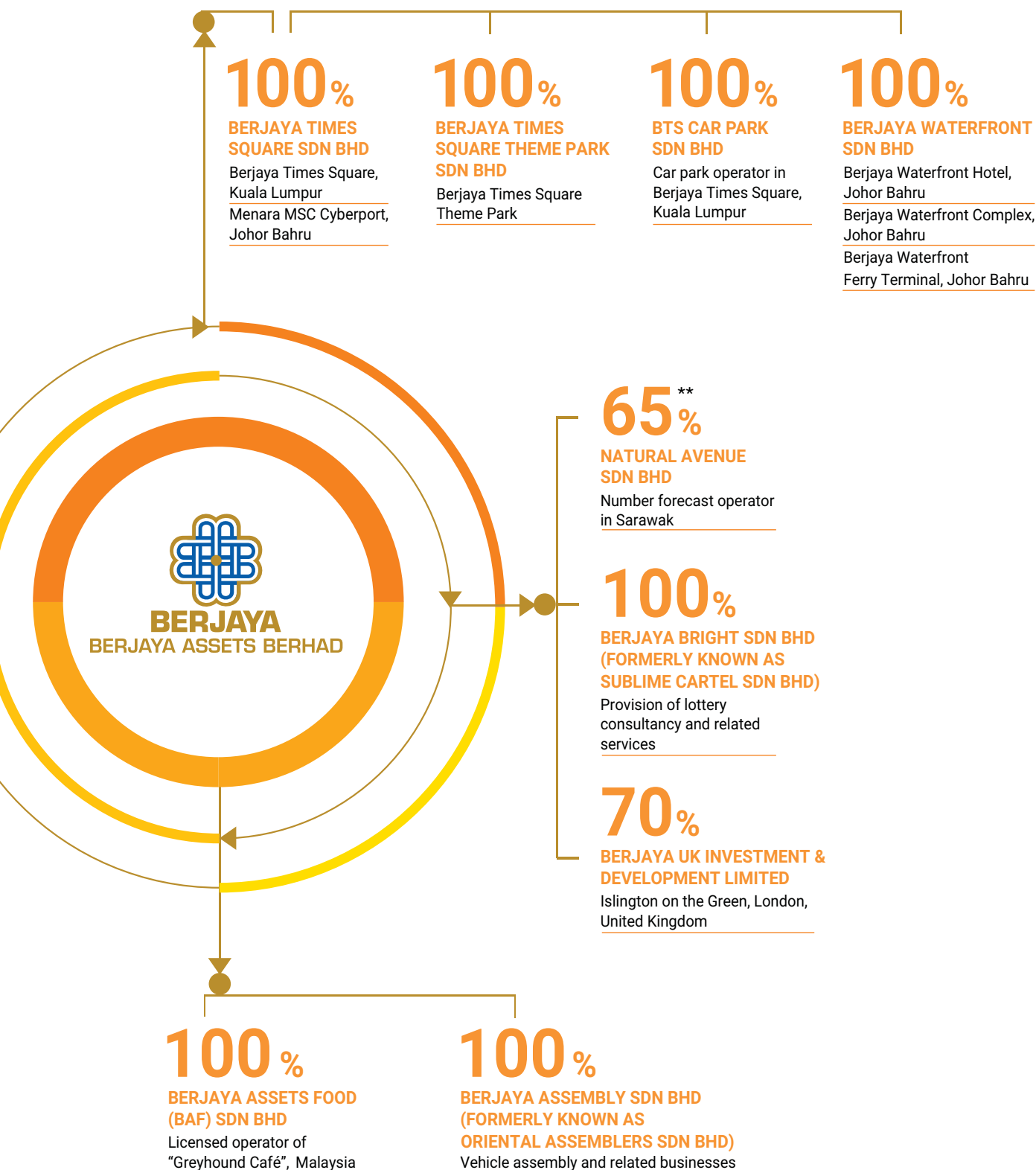
Prospects

BAF will continue to use social media tools to promote its menu offerings, trendy ambience and also to create brand awareness, positioning and loyalty within the food and beverage industry. The key strategy to ensuring customer satisfaction is to present assured food and beverage quality, impressive services and value-for-money pricing.

BAF is also on the lookout for the right locations for store expansion as a key to achieve the economy of scale and thus creating sustainable growth in the next few years.

CORPORATE STRUCTURE

OF MAIN OPERATING COMPANIES AS AT 22 OCTOBER 2018



** Combined Interest

GROUP FINANCIAL HIGHLIGHTS

| Description | 2018 RM'000 | 2017 RM'000 | 2016 RM'000 | 2015 RM'000 | 2014 RM'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Revenue | 312,690 | 356,358 | 387,092 | 411,945 | 419,426 |
| (Loss)/Profit Before Tax | (12,560) | 7,891 | (27,599) | 108,107 | 121,699 |
| (Loss)/Profit For The Year | (29,568) | (12,217) | (46,734) | 83,977 | 50,599 |
| (Loss)/Profit Attributable To Owners Of The Parent | (32,961) | (11,437) | (54,122) | 72,711 | 45,341 |
| Share Capital | 1,538,120 | 1,447,277 | 1,113,042 | 1,113,042 | 1,113,042 |
| Share Premium | - | - | 258,985 | 258,985 | 258,985 |
| Reserves | 749,626 | 795,378 | 818,837 | 741,495 | 707,619 |
| Equity Funds | 2,287,746 | 2,242,655 | 2,190,864 | 2,113,522 | 2,079,646 |
| Non-controlling Interests | 9,654 | 8,672 | 9,175 | 416,711 | 418,681 |
| Total Equity | 2,297,400 | 2,251,327 | 2,200,039 | 2,530,233 | 2,498,327 |
| Deferred Tax Liabilities | 117,365 | 111,126 | 92,733 | 85,579 | 72,937 |
| Long Term Liabilities | 872,206 | 920,713 | 867,918 | 551,213 | 476,153 |
| Current Liabilities | 308,514 | 236,085 | 298,719 | 374,041 | 220,948 |
| Total Liabilities | 1,298,085 | 1,267,924 | 1,259,370 | 1,010,833 | 770,038 |
| Total Equity And Liabilities | 3,595,485 | 3,519,251 | 3,459,409 | 3,541,066 | 3,268,365 |
| Property, Plant and Equipment | 291,776 | 303,657 | 286,150 | 292,401 | 298,526 |
| Investment Properties | 2,501,039 | 2,508,166 | 2,465,298 | 2,475,216 | 2,117,775 |
| Other Non-Current Assets | 378,825 | 322,180 | 299,814 | 298,160 | 325,897 |
| Intangible Assets | 36,024 | 57,811 | 96,640 | 156,002 | 157,103 |
| Total Non-Current Assets | 3,207,664 | 3,191,814 | 3,147,902 | 3,221,779 | 2,899,301 |
| Current Assets | 387,821 | 327,437 | 311,507 | 319,287 | 369,064 |
| Total Assets | 3,595,485 | 3,519,251 | 3,459,409 | 3,541,066 | 3,268,365 |
| Net Assets Per Share (RM)# | 0.89 | 0.94 | 0.99 | 0.95 | 0.94 |
| (Loss)/Earnings Per Share (Sen)# | (1.31) | (0.51) | (2.43) | 3.27 | (2.04) |
| Gross Dividend Rate (Sen)# | - | - | - | 0.50 | 1.00 |

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.

The comparative figures have been adjusted for the effect of subdivision of shares.

SUSTAINABILITY STATEMENT

1. REPORTING PROFILE AND SCOPE

This is Berjaya Assets Berhad's ("BAssets" or "the Group") second sustainability statement prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide. 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 2018.

With due consideration to the diverse business nature of the Group, the scope of the 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"), BTS Car Park Sdn Bhd ("BTSCP"), Berjaya Waterfront Sdn Bhd ("BWSB"), Natural Avenue Sdn Bhd ("NASB") and Berjaya Assets Food (BAF) Sdn Bhd ("BAF").

BAssets recognises the issues of concern as well as interest to the Group's 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 ingrained into the Group's processes with the aim of bringing more value to its business, 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 Securities' Sustainability Reporting Guide and Toolkits.

2. APPROACH TO SUSTAINABILITY AND GOVERNANCE

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

The Group strives to conduct its business operations guided by a long-term sustainability strategy comprising 3 main aspects:-



Economic Sustainability

The creation of long-term value for shareholders and to value add for all the Group's stakeholders.



Environmental Sustainability

Striving towards reducing the Group's environmental footprint by improving on efficiency of resources and supporting conservation efforts.



Social Sustainability

Dealing with the customers and public according to good market practices and strict compliant to regulatory requirements, inculcate conducive workplace practices and cultivating harmonious community via engagement through a variety of initiatives involving the Group's monetary and non-monetary resources.

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.

The Group pursues sustainability goals according to the following sustainability principles:-

- Giving emphasis to sustainability in every part of the value chain of its business operations;
- Considering the interests and positions of all stakeholders involved during the planning and implementation process; and
- Continuously reviewing and assessing its sustainability approaches and practices while keeping them in alignment with the Group's business objectives.








SUSTAINABILITY STATEMENT

3. STAKEHOLDER ENGAGEMENT

Operating as an effective and sustainable business entity, the Group believes that maintaining a good degree of communication and understanding with all the internal and external stakeholders involved is highly essential. Hence, the Group recognises the need to conduct a continuous dialogue or discourse and information sharing with the relevant stakeholders.

In line with this belief, the Group has established a series of engagement initiatives with various stakeholders through the respective operating divisions.







The input and perspectives gathered from all the relevant stakeholders specialised in their respective fields have been beneficial for the long-term collaboration with the stakeholders, and also the development of the Group's business strategy and operations in respect of the trends, impacts, risk and also opportunities that the Group has to take into account. While being open to the varied viewpoints, the Group remains flexible and agile in responding to the recommendations.

| STAKEHOLDER ENGAGEMENT | |
|--|---|
|  Government and Regulators | Meetings with the regulators on policy matters, issues and concerns arising from the changing operating environment as well as matters that concern the customers and the general public. |
|  Customers | A customer survey is conducted once every 3 years to keep updated with the customers' needs and expectations for the Group's products and services. Regular outlet visits are ways to keep tabs on customer behaviour as well. |
|  Employees | Open communication through Berjaya Intranet on events, activities and staff promotions. |
|  Suppliers | Regular review of major suppliers to provide service delivery feedback and areas of improvement for the mutual benefit of both parties. |
|  Communities and non-governmental organisations | Various community programmes driven through consultation and collaboration with non-governmental organisations ("NGOs") and charitable organisations. |
|  Media | Regular engagement and updates with the mainstream media of the Group and the industry's development. Media releases relating to key business development as well as corporate social responsibility activities are made available to the media whenever necessary. |
|  Investors and Stock Analysts | Communication via announcements to Bursa Securities, Annual Report, General Meetings, the Group's website as well as conducting briefings and updates for analysts, fund managers and potential investors as and when required. |

SUSTAINABILITY STATEMENT

COMMITMENTS TO STAKEHOLDERS

BAssets' commitments to its stakeholders are outlined below:-

| STAKEHOLDERS | COMMITMENTS |
|---|--|
|  Government and Regulators | <ul style="list-style-type: none"> Operating the entire business operation with systems and procedures which are in line with the regulatory requirements that ensures safety, accountability, integrity and efficiency. Providing necessary information and working hand in hand with the authorities to counter the proliferation of illegal and unregulated gambling operations. Echoing the Government's call for the private sector to play an active role in the community development. |
|  Employees and Agents | <ul style="list-style-type: none"> Evaluating the training and development needs of every level of employees in order to provide continuous training and up-skilling for better performance of duties and career advancement. Providing a conducive and facilitative working environment. |
|  Customers | <ul style="list-style-type: none"> Ensuring customer confidence with the delivery of a reliable and transparent communication channel through online and offline channels. Providing prompt and efficient assistance to customers. |
|  Suppliers | <ul style="list-style-type: none"> Developing a structured procurement system that ensures a fair play to all suppliers. Suppliers are regularly reviewed to ensure value creation. |
|  Investor and Stock Analysts | <ul style="list-style-type: none"> Working to generate shareholder returns on a sustainable basis. Reporting financial results on a quarterly and annual basis, and major transactions and proposals undertaken by the Group when investor interest is at stake. |
|  Communities and NGOs | <ul style="list-style-type: none"> Nurturing a collaborative relationship with various NGOs and charitable organisations to develop various community programmes. |

4. GOVERNANCE

BAssets has in place a corporate governance structure and processes which are detailed in the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control sections of this Annual Report.

In line with the Group's belief that corporate governance and creation of value for stakeholders are mutually dependent as both are critical components for business continuity and sustainability, a Sustainability Working Committee ("SWC") was formed in February 2018. The SWC oversees the overall planning and implementation of sustainability practices and policy in a continuous and systematic manner.

All operating divisions have been charged with the fiduciary duty to take into consideration sustainability in their business strategy planning, operations and processes. While doing that, the Group strives to develop systems to monitor the implementation of its internal control measures and sustainability measures as well as the completeness and reliability of information relating to financial, operational, safety, health and environmental management aspects of the Group. The Board and the management are committed to continually refining and improving these processes over time.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE STRUCTURE



Note: EES denotes economic, environmental and social.

For more detailed information on the Group's Corporate Governance Overview Statement and Statement on Risk Management and Internal Control, please refer to pages 22 to 38 of the BAssets Annual Report 2018.

5. ECONOMIC SUSTAINABILITY

i. Financial Performance

BAssets is committed to strengthening its financial position and enhancing its competitiveness through adopting good and ethical business practices, corporate governance as well as effective capital management.

ii. Economic Impact and Creating Value

Part of BAssets' pivotal growth strategy is to add value to Kuala Lumpur as the heart of its shopping and tourist attraction. 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 range of retail, food and beverage, and entertainment outlets which include both international and home-grown brands. By supporting local retailers, BTS mall not only provides a platform for them to market their goods and services, but also an access to an international crowd, allowing local brands to grow their brand value beyond Malaysia. For example, BTS mall offers a wide selection of food and beverage choices such as Burger King, 4 Fingers, JCO, KFC, Dragon-i and Starbucks to name a few recognisable international brands and a mix of local brands such as Jardin Coffee, TeaLive and Nyonya Colors.

BAssets understands that its retailers need to continue to evolve and adapt in response to the rapidly changing consumer and retail environments by ensuring they are well-supported. BTSSB and BWSB engage with their retailers via various communication channels and support them with marketing strategies

both online and offline to bolster sales for their business. BTSSB has also taken steps in enriching the experience of the customers by creating uniquely themed areas such as Central Park and Tiny Taipei which have a synergistic effect for the retailers by generating footfalls.



Nyonya Colors provides the highest quality and tasty Nyonya Kueh.

BAssets continues to promote local economic growth by providing ample employment opportunities to Malaysians. The Group appreciates its employees who possess varied skill sets and expertise for the many job functions within its different businesses. For procurement requirements, BAssets also seeks local suppliers and has been working closely with them to ensure that products and services provided meet the businesses' requirements.

SUSTAINABILITY STATEMENT

6. 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.

i. 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 its 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. Used oil from the food and beverage segment is also packed and collected by dedicated recycling vendors and not released into municipal sewerage system. On top of that, BAssets is looking into the use of more recyclable packaging materials to further reduce waste in addition to introducing initiatives for food waste management.

In upholding its environmental consciousness, BAssets also tries as much as possible to engage suppliers who adopt environmentally and socially responsible practices. BAssets collaborates with various stakeholders on campaigns to raise awareness on the importance of recycling and responsible waste management. For instance, in August 2017, BWSB collaborated with Pertubuhan Kebajikan Amitabha Malaysia in organising the 'Recycling Fashion Show and Recycling Handicraft' at BWSB's mall to create public awareness on the importance of recycling.

ii 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 used where possible.

With the first phase of the replacement of new LED lighting completed, BTSCP managed to save 42.41% of their yearly electricity consumption. The second phase of the replacement commenced in September 2018 and is set to be completed by end of October 2018.

7. SOCIAL SUSTAINABILITY

BAssets acknowledges the importance of social sustainability by putting in place various practices related to product and service compliance, responsible marketing and communications practices, information security and privacy, employees' health, safety and security, and community support, among others.

i. Marketing and Communication Practices

The Group ensures that all products and services offered to its tenants and customers are in compliance with all regulatory guidelines and takes the responsibility to ensure that all information disseminated through its promotional materials and marketing channels are conveyed in a clear and concise manner.

All the subsidiaries under the Group regularly review and update their marketing materials and websites to ensure that the services and offerings are accurately presented to prevent any misinformation or misrepresentation of information.

ii. Information Security and Privacy

BAssets acknowledges the importance of respecting and protecting the privacy of its customers and takes stringent measures to safeguard customers' confidential information at all times.

In compliance with the Personal Data Protection Act 2010, a privacy policy has been published on the respective operating companies' websites which states clearly the use of customers' personal information. Methods and purposes of personal information collected are clearly explained in the privacy policy.

iii. Health, Safety and Security

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

BAssets complies with the regulations and policies set out by the Department of Occupational Safety and Health ("DOSH"), Fire and Rescue Department Malaysia ("FRDM") and Royal Malaysian Police ("RMP") for all its premises. Hygiene and pest control inspections are also carried out to ensure the hygiene standards are being maintained at all times. BTSTP ensures that all of their employees are trained to handle its rides and always conducts periodic checks and maintenance work for all the rides at the theme park to

SUSTAINABILITY STATEMENT

ensure the safety of its patrons. BWSB ensures that at all time, the security of the ferry terminal is in full compliance with the International Ship and Port Facility Security Code ("ISPS Code") to detect and deter acts which may pose a threat to the maritime security.

BAssets' food and beverage segment, BAF, regularly conducts food handling trainings to enhance its employees' awareness and competency of food processing to minimise food-related risks. Furthermore, its franchisor conducts quarterly store inspections to ensure standards set are complied with.

iv. Human Capital

BAssets seeks to attract, retain and develop talents to support its continuous growth. The Group strives to instil and cultivate a positive work culture that is inclusive, respectful and professional. All employment policies, practices and procedures strictly adhere to the Employment Act and other legal statutory provisions of the country. Employees are also provided with adequate and comprehensive medical package, as well as Group Hospitalisation, Surgical and Personal Accident Insurance.

In addition to that, employees also receive training and participate in talent development programmes to further help them hone their skills and fulfil their own personal development goals. Monthly birthday celebrations and company annual dinners are organised to promote employee bonding.

BAssets also creates a friendly environment in the workplace while professionally maintaining good work ethics to provide fair treatment as it discourages discrimination.

v. Corporate Social Responsibility

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 organisation to help the less fortunate, as well as promote environmental conservation and local arts and culture heritage.



BTSSB contributed to Bodhi Homecare Centre during the 'Blessings In Times' 2018 Chinese New Year campaign.

BTSSB contributed to Bodhi Homecare Centre during the 'Blessings In Times' 2018 Chinese New Year campaign and organised a buka puasa gathering to the underprivileged children of Rumah Titian Kasih for Ramadhan, who also received complimentary BTSTP tickets during Hari Raya Aidilfitri. BWSB's hotel also held a buka puasa gathering and donated to several orphanage homes during Ramadhan, and is providing internships for culinary and tourism students to promote the wellbeing of the local community.



BTSSB organised a buka puasa for the children of Rumah Titian Kasih during Ramadhan.

NASB has been supportive in promoting arts, culture and sports in the local community. Some of the annual events regularly supported by NASB include The Kuching South City Council's Martial Arts Display, Sarawak Inter-Cultural Mooncake Festival, and several other meaningful programmes. In addition to that, NASB has been supporting the STEC Kidney Foundation since 1997 with an annual financial assistance of RM300,000 for patients to undergo dialysis at the centres in Kuching, Sibul and Miri.



NASB contributed RM20,000 to Kuching Festival Martial Arts Display organised by Kuching South City Council.

8. LOOKING AHEAD

BAssets will further strengthen its commitment towards enhancing its sustainability practices by developing a robust framework that will benefit its stakeholders. BAssets believes that it is the Group's corporate responsibility to impact positively on the communities it engages with, by continually reviewing and improving its policies and systems that will determine and be driven by its eventual desired results.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Berjaya Assets Berhad (“the Company”) recognises the importance of corporate governance towards promoting business prosperity and corporate accountability to protect and enhance shareholders’ value as well as the interest of the Company.

The Board is also committed in ensuring that the Company and its subsidiaries (collectively “the Group”) carries out its business operations within the required standards of corporate governance as set out in the new Malaysian Code of Corporate Governance (“MCCG”).

The Board is pleased to provide an overview of the corporate governance (“CG”) practices, which made reference to the three key CG principles as set out in the MCCG throughout the financial year ended 30 June 2018 (“FYE 2018”) unless otherwise stated, which are as follows:-

- (a) Principle A : Board Leadership and Effectiveness
- (b) Principle B : Effective Audit and Risk Management; and
- (c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This CG Overview Statement, approved by the Board, shall be read together with the CG Report 2018 (“CG Report”) of the Company which is available on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”) at www.bursamalaysia.com.

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG and any departures thereof during the FYE 2018. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2018 save for the exceptions which are fully described in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is responsible for the performance and affairs of the Group and to provide leadership as well as guidance for setting strategic direction for the Group. The role and responsibilities of the Board in discharging its fiduciary and leadership function has been formalised in the Board Charter.

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 Non-Executive Directors are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience in the development of the Group’s overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

Board Committee

The Board has established the following Board Committees which consists of a majority of Independent Non-Executive Directors to support the Board in discharging its oversight function and to ensure that there are appropriate checks and balances in place:-

- i. Audit and Risk Management Committee
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Sustainability Committee

CORPORATE GOVERNANCE OVERVIEW STATEMENT

These Committees play a significant part in reviewing matters within each Committee's terms of reference ("TOR") and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees has specific TOR, scope and specific authorities to review matters and report to the Board with their recommendations. The Board may also form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency. Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

Company Secretary

The Board is supported by the Company Secretaries, who are members of the professional body namely, The Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified under the Companies Act 2016. The Company Secretaries play an important role in facilitating the overall compliance with the Companies Act 2016, Main Market Listing Requirements of Bursa Securities and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalized in the Board Charter which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forum so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

Board Meeting and Meeting Materials

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Other than quarterly Board meetings, additional Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration. The Board members will deliberate and in the process, assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

In the intervals between Board meetings, any matters requiring urgent Board decisions or approvals will be sought via circular resolutions of the Directors and these are supported with all the relevant information and explanations required for an informed decision to be made. These circular resolutions will then be tabled at the next Board meeting for notation.

Prior to the Board and Committee Meetings, the Directors will be provided with the relevant agenda and Board papers five (5) business days' notice or such shorter period as agreed by the Board to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others, the minutes of preceding meetings of the Board and Committees, summary of dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

In addition, there is also a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. This is to ensure that the strategic plan of the Company and the Group supports long term value creation including strategies on economic, environmental and social considerations underpinning sustainability, as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and approval of any new major ventures.

Access to information and advice

The Directors shall have unrestricted access to the advice and services of the Company Secretaries and Senior Management staff in the Group to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Charter, Ethical Standards through Code of Ethics, Code of Conduct and Whistleblowing Policy and Procedures

The Board has the following in place:-

(a) 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 will review the Board Charter annually to ensure that it remains consistent with the Board's roles and objectives as well as the prevailing legislation and practices. The Board Charter is available on the Company's website at www.berjaya.com.

(b) Code of Ethics for Director

The Board has also adopted a Code of Ethics ("Code") for Directors which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and to promote ethical conduct of the Directors.

(c) Code of Conduct and Business Ethics

The Company has established and adopted a Code of Conduct which applies to all employees of the Group and its subsidiaries as well as the Directors of the Company. The aim of the Code of Conduct is to provide guidelines on the expected behaviour and conduct of all employees and also to serve as a tool to guide the employees' actions when dealing with both internal and external parties and compliance with all applicable laws, rules and regulations in all its business activities.

All employees and Directors of the Company and its subsidiaries are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Group.

The Board will periodically review the Code of Conduct. The Code of Conduct is available on the Company's website at www.berjaya.com.

(d) Whistleblowing Policy and Procedures

The Company acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Company has adopted a Whistleblowing Policy with the aim to provide an avenue for any individual, whether employee or otherwise, to raise genuine concerns related to any suspected acts of wrongdoings within the Group without fear of reprisal. The Policy, amongst others, sets out the reporting procedures and information about protections accorded to the whistleblower who reports such allegations.

The Whistleblowing Policy also provides contact details of the Senior Independent Director and the Chairman, to whom the whistleblowing report can be addressed.

The Policy is published on the Company's website at www.berjaya.com.

Sustainability Strategies

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 regard have been set out in the Sustainability Statement in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Composition

The Board currently has eight (8) members comprising three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors (including the Chairman) and three (3) Independent Non-Executive Directors. The profiles of the Directors are set out on pages 2 to 6 of the Annual Report.

The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one third (1/3) of its members to be Independent Directors. However, the Company is not in compliance with Practice 4.1 of the MCCG as the Board does not have a composition which comprises of 50% Independent Directors.

The presence of the Independent Directors, though not forming half (50%) of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board. They are able to carry on their duties and responsibilities and to provide an unfettered and unbiased independent judgement.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity 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 whilst promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will take the necessary measures towards promoting a corporate culture that embraces gender diversity in the Boardroom.

Furthermore, 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 and they represent 37.5% of the total Board members.

The Board Diversity Policy of the Company is available on the Company's website at www.berjaya.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the FYE 2018, the Board met eight (8) times and the attendances of the Directors at the Board Meetings were as follows:-

| Directors | Attendance |
|---|------------|
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail ¹ | 3/4* |
| Datuk Wira Lye Ek Seang | 8/8 |
| Chryseis Tan Sheik Ling | 8/8 |
| Koh Huey Min | 8/8 |
| Chan Kien Sing | 8/8 |
| Datuk Robert Yong Kuen Loke [#] | 8/8 |
| Heng Kiah Choong [#] | 8/8 |
| Dato' Mohd Salleh Bin Ahmad [#] | 6/8 |
| Morvin Tan U-Jiang ² | 5/5* |

Notes:

[#] Denotes Independent Non-Executive Directors.

¹ YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail was appointed as the Chairman/Director of the Company on 4 October 2017.

² Mr Morvin Tan U-Jiang has resigned as a Director of the Company on 27 February 2018.

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

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. They are required to notify the Chairman of the Board before accepting any new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

Directors' Training

All the Directors of the Company including the newly appointed Director, have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

The Board is also updated by the Company Secretaries on the relevant training programmes relating to the regulatory, governance, industry related and current issue on an on-going basis.

During the financial year, the training programmes, seminars and conferences attended by the Directors were as follows:-

| Director | Seminars / Conferences / Forum |
|--|--|
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail | - Mandatory Accreditation Programme for Directors of Public Listed Companies |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Director | Seminars / Conferences / Forum |
|-----------------------------|---|
| Datuk Wira Lye Ek Seang | <ul style="list-style-type: none"> - Case Study Workshop for Independent Directors: Rethinking – Independent Directors: A new Frontier - Corporate Governance Breakfast Series for Directors: Leading Change @ The Brain - The Company Director – Expanded Duties & Responsibilities under the Companies Act 2016 - SIDC-CFA Society Malaysia Talk 2018 |
| Chryseis Tan Sheik Ling | <ul style="list-style-type: none"> - Forbes Global CEO Conference 2017 |
| Koh Huey Min | <ul style="list-style-type: none"> - Mandatory Accreditation Programme for Directors of Public Listed Companies - Bursa Fraud Risk Management Workshop - SIDC-CFA Society Malaysia Talk 2018 |
| Chan Kien Sing | <ul style="list-style-type: none"> - MIA International Accountants Conference 2017 |
| 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 and executive committee member of the Malaysian Institute of Certified Public Accountants. |
| Heng Kiah Choong | <ul style="list-style-type: none"> - Bursa Fraud Risk Management Workshop - SIDC-CFA Society Malaysia Talk 2018 |
| Dato' Mohd Salleh Bin Ahmad | <ul style="list-style-type: none"> - During the financial year, Dato' Mohd Salleh Bin Ahmad did not attend any training programme due to medical reasons. However, subsequent to the financial year ended 30 June 2018 but prior to the date of this Statement, he has attended a training programme entitled "Independent Directors' Programme -The Essence of Independence". |

The Board will on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

Appointment to the Board

The Company has a Nomination Committee which comprises exclusively of Independent Non-Executive Directors. The members are as follows:-

| | |
|-----------------------------|--|
| Datuk Robert Yong Kuen Loke | - Chairman/ Independent Non-Executive Director |
| Heng Kiah Choong | - Independent Non-Executive Director |
| Dato' Mohd Salleh Bin Ahmad | - Independent Non-Executive Director |

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out under its TOR, which is available on the Company's website at www.berjaya.com.

The Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and also appointments are made on merits.

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, major shareholders and/or other independent source such as external 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. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Assessment

The Nomination Committee is responsible 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 issued by Bursa Securities. 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 discussed at the Nomination Committee meeting which were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

Based on the assessment conducted for the FYE 2018, 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.

During the FYE 2018, the Nomination Committee also carried out the following activities:

- recommended to the Board the appointment of new Director, namely YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail as a Director and the Chairman of the Company;
- 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 Board Committees;
- reviewed the performance of the Audit and Risk Management Committee and its members;
- recommended to the Board, the Directors who are retiring and being eligible, for re-election;
- recommended the retention of Independent Directors who has served on the Board for more than nine years;
- reviewed the Board Diversity Policy; and
- reviewed the TOR of the Nomination Committee.

Re-election of Directors

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting (“AGM”) in accordance with the provisions of the Articles of Association of the Company and the relevant provisions of the Companies Act 2016.

The Company’s Articles of Association provides that at least one-third (1/3) of the Directors are subject to retirement by rotation at each AGM and that all Directors shall retire once in every three years, and are eligible to offer themselves for re-election. The Articles of Association also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his/her appointment.

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

At the forthcoming Fifty-Eighth AGM, the Directors who will retire by rotation and eligible for re-election pursuant to Article 102 of the Company’s Articles of Association are Mr Chan Kien Sing, Datuk Robert Yong Kuen Loke and Ms Chryseis Tan Sheik Ling.

Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board, through the Nomination Committee assesses the independence of the Independent Directors namely, Datuk Robert Yong Kuen Loke, Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad, based on the criteria set out in the Main Market Listing Requirements on an annual basis. Based on the assessment conducted in year 2018, the Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interests of the Company.

The Independent Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities. The Company has also fulfilled the requirement to have at least one-third of its Board members to be Independent Non-Executive Directors.

Tenure of Independent Directors

The MCCG recommends that the tenure of an Independent Director should not exceed a cumulative terms of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Directors' redesignation as a Non-Independent Director. The MCCG also sets out a recommendation that the Board must justify and seek shareholders' approval in the event it retains an independent Director who has served in that capacity for more than nine years. If the Board continues to retain the Independent Director after the twelfth years, the Board should seek shareholders' approval through a two-tier voting process.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily 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/her responsibilities in the best interest of the Company should be the predominant factors to determine 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 twelve years. The Company had obtained shareholders' approvals at the last AGM held on 28 November 2017 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 2018, 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 Main Market Listing Requirements of Bursa Securities, 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 twelve 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

b) Dato' Mohd Salleh Bin Ahmad:-

- i) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, 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 twelve years and is familiar with the Company's business operations.
- iii) he remains objective and independent in expressing his view and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- iv) he has exercised his due care during his tenure as an Independent Non-Executive Director and carried out his professional duties in the interests of the Company and the shareholders.

The Board take cognizance of the recommendation of the MCCG which states that if the Board continues to retain an Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

However, the Company will seek approval of shareholders through a single tier voting process for the ordinary resolutions to retain Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad who have served for more than twelve years. This is in line with the general rule on voting as provided in the Companies Act 2016 which states that every shareholder has one vote for every share he holds and resolutions are to be passed by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

Remuneration Policies and Procedures

The Company has a Remuneration Committee which comprises exclusively of Independent Directors. The members are as follows:-

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

The composition, authority as well as the duties and responsibilities of the Remuneration Committee are set out in its TOR which is available on the Company's website at www.berjaya.com.

The Board has adopted a Remuneration Policy to support the Directors and Key Senior Management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and Key Senior Management who will manage and drive the Company's success.

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy. The Remuneration Policy is subject to regular review by the Remuneration Committee and will be amended as appropriate to align with the current market practices and requirement of the MCCG and any other new requirements. The Remuneration Policy is also available on the Company's website at www.berjaya.com.

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages 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 of Key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities. Both the remuneration of Executive Directors and Key Senior Management are structured so as to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of 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 recommended level of remuneration shall reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of the Directors' remuneration paid or payable to all Directors (both by the Company and the Group) and categorized into appropriate components for the FYE 2018 were as follows:-

(a) Individual Directors on a named basis

Company

| | ← | | | RM | → | |
|---|---------|----------|-------|------------------|------------------|---------|
| | Fees | Salaries | Bonus | Benefits in-kind | Other Emoluments | Total |
| Executive | | | | | | |
| Datuk Wira Lye Ek Seang | - | 120,000 | - | - | 15,276 | 135,276 |
| Chryseis Tan Sheik Ling | - | - | - | - | - | - |
| Koh Huey Min | - | - | - | - | - | - |
| Morvin Tan U-Jiang [#] | - | - | - | - | - | - |
| Non-Executive | | | | | | |
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail [*] | - | - | - | - | 272,901 | 272,901 |
| Chan Kien Sing | 30,000 | - | - | - | 14,400 | 44,400 |
| Datuk Robert Yong Kuen Loke | 30,000 | - | - | - | 12,100 | 42,100 |
| Heng Kiah Choong | 30,000 | - | - | - | 16,000 | 46,000 |
| Dato' Mohd Salleh Bin Ahmad | 30,000 | - | - | - | 10,800 | 40,800 |
| | 120,000 | 120,000 | - | - | 341,477 | 581,477 |

Group

| | ← | | | RM | → | |
|---|---------|-----------|---------|------------------|------------------|-----------|
| | Fees | Salaries | Bonus | Benefits in-kind | Other Emoluments | Total |
| Executive | | | | | | |
| Datuk Wira Lye Ek Seang | - | 480,000 | - | 7,200 | 3,883,287 | 4,370,487 |
| Chryseis Tan Sheik Ling | 60,000 | 408,000 | 33,000 | - | 53,796 | 554,796 |
| Koh Huey Min | - | 630,000 | 104,000 | 22,621 | 88,956 | 845,577 |
| Morvin Tan U-Jiang [#] | - | 210,000 | 50,000 | - | 31,768 | 291,768 |
| Non-Executive | | | | | | |
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail [*] | - | - | 39,000 | - | 673,864 | 712,864 |
| Chan Kien Sing | 40,000 | - | - | - | 14,400 | 54,400 |
| Datuk Robert Yong Kuen Loke | 30,000 | - | - | - | 12,100 | 42,100 |
| Heng Kiah Choong | 30,000 | - | - | - | 16,000 | 46,000 |
| Dato' Mohd Salleh Bin Ahmad | 30,000 | - | - | - | 10,800 | 40,800 |
| | 190,000 | 1,728,000 | 226,000 | 29,821 | 4,784,971 | 6,958,792 |

Notes:

[#] Resigned as an Executive Director of the Company on 27 February 2018.

^{*} Appointed as the Chairman of the Company on 4 October 2017.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(b) The Remuneration of top three (3) Key Senior Management in bands of RM50,000 on an aggregate basis

The number of top three (3) Key Senior Management and their total remuneration from the Group categorised into the various bands are as follows:-

| | Number of Key Senior Management |
|---------------------------|---------------------------------|
| RM450,001 - RM500,000 | 1 |
| RM500,001 - RM550,000 | 1 |
| RM20,700,001-RM20,750,000 | 1 |
| | 3 |

Although the MCCG has stipulated that the Company should disclose the detailed remuneration of the top five (5) Key Senior Management on a named basis, the Board has opined that it is not in the best interest of the Company to make such disclosures on the remuneration of the Key Senior Management due to the sensitivity of their remuneration package, privacy and issue of staff poaching.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") is established by the Board and comprises four (4) members, all of whom are Non-Executive Directors with a majority of them being Independent Directors. The members are as follows:-

| | |
|--|---|
| Heng Kiah Choong | - Chairman/Independent Non-Executive Director |
| Dato' Mohd Salleh Bin Ahmad | - Member/Independent Non-Executive Director |
| Chan Kien Sing | - Member/Non-Independent Non-Executive Director |
| Datuk Robert Yong Kuen Loke (Appointed on 28 November 2017) | - Member/Independent Non-Executive Director |

The Chairman of the ARMC is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the ARMC are set out under its TOR approved by the Board and is available at the Company's website at www.berjaya.com.

The members of the ARMC possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the ARMC. In addition, the members of the ARMC are literate in financials and are able to understand, analyse and challenge matters under the purview of the ARMC including the financial reporting process.

The ARMC provides an independent channel of communication for the external and internal auditors. The Board ensures that an objective and professional relationship is maintained with the external auditors through the ARMC which keeps under review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the auditors. It also reviews the scope and extent of the activity of the internal audit function.

One of the key responsibilities of the 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 performance of the ARMC is reviewed annually by the Nomination Committee. The evaluation covered aspects such as the members' financial literacy levels, its quality and composition, skills and competencies and the conduct and administration of the ARMC meetings.

Based on the evaluation, the Nomination Committee concluded that the ARMC has been effective in its performance and has carried out its duties in accordance with its TOR during FYE 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Assessment of External Auditors

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 Executive Directors and Senior Management to enable exchange of views on issues requiring attention.

The Board has delegated to the ARMC to perform an annual assessment of the quality of audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The ARMC has put in place an External Auditors Policy which outlines the policies and procedures for the ARMC to review, assess and monitor the performance, suitability, objectivity and independence of the External Auditors. The assessment process involves identifying the areas of assessment, setting the minimum standards 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 have provided a declaration in their annual audit plan presented to the ARMC confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.

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 were acting as reporting accountants for any corporate exercises.

During the financial year, the amount of statutory audit fees and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the FYE 2018 were as follows:-

| | Company | | Group | |
|--|---------------|---------------|----------------|----------------|
| | FYE2018 RM | FYE2017 RM | FYE2018 RM | FYE2017 RM |
| Statutory audit fees paid/payable to:- | | | | |
| -Deloitte Malaysia | 60,000 | 50,000 | 320,000 | 303,000 |
| -Affiliates of Deloitte Malaysia | - | - | - | - |
| Total (a) | 60,000 | 50,000 | 320,000 | 303,000 |
| Non-audit fees paid/payable to:- | | | | |
| -Deloitte Malaysia | 35,000 | 21,000 | 80,000 | 67,000 |
| -Affiliates of Deloitte Malaysia | - | - | - | - |
| Total (b) | 35,000 | 21,000 | 80,000 | 67,000 |
| % of non-audit fees (b/a) | 58.33% | 42.00% | 25.00% | 22.11% |

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.

The details on the activities and functions of the ARMC are set out in the ARMC Report on pages 39 to 44 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Risk Management and Internal Control Framework

The Board of Directors acknowledges that risk management and internal controls is an integral part of the overall management process. 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 details of the risk management and system of internal control of the Company are set out in the Statement on Risk Management and Internal Controls in this Annual Report.

Internal Audit Function

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard shareholders' investments and the Group's assets.

The internal audit function of the Group was outsourced to the internal auditors of Berjaya Land Berhad, an affiliated company, to assist the ARMC in discharging its duties and responsibilities. The Internal Auditors reports directly to the ARMC and carries out their internal audit based on the plan approved by the ARMC. The Internal Auditors assist the Board in providing independent assessment on the adequacy and effectiveness of the governance, risk management and internal control processes for the purposes of safeguarding the Group's assets and the shareholders' investments.

The internal auditors' are responsible for preparing and tabling the internal audit reports on a quarterly basis to the ARMC and to highlight areas for improvements for each of the operating units within the Group. The Internal Auditors will follow up closely on the areas highlighted to determine the extent of the implementation of their recommendation and to ensure that they are satisfactory resolved by the Management.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, 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 where shareholders can access corporate information, annual reports, press releases, financial information and Company's announcements.

Conduct at General Meetings

The Company provides a platform for dialogue and interaction with all shareholders through its general meetings. The Chairman of the meeting provided sufficient 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 (including all members of the Board Committees), Senior Management and External Auditors of the Company are in attendance to respond to shareholders' queries during the general meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The notice for the 58th AGM in 2018 scheduled to be held on 29 November 2018 will be sent out on 30 October 2018. The Notice period for the 58th AGM is more than 28 days. The long notice period provides shareholders with ample time to review the annual report, to consider the resolutions that will be discussed at the AGM for informed decision making and to make the necessary arrangements to attend and participate personally at the AGM or through a proxy or a corporate representative. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate a better understanding and evaluation of issues involved.

Poll voting

At the Company's AGM held on 28 November 2017, all the resolutions passed by the shareholders were conducted by poll pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Securities. The shareholders were briefed on the voting procedures by the Share Registrar prior to the commencement of the voting process. The poll vote count was conducted by the Share Registrar and the results of the poll were then verified by the Scrutineers, Messrs LT Lim & Associates. An announcement of the poll results showing the number of votes cast for and against each resolution was announced to Bursa Securities on the same day for the benefit of all shareholders. The minutes of the AGM was also made available on the Company's website after it has been confirmed and signed by the Chairman of the AGM.

Going forward, the Company may consider adopting the electronic voting to enhance the vote counting process.

This CG Overview Statement was approved by the Board of Directors of the Company on 8 October 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Berjaya Assets Berhad (“BAssets” or “the Group”) is committed to maintaining a sound system of risk management and internal controls to provide for a platform for Group’s business objectives to be achieved. The Board sets out below the nature and scope of the risk management and internal controls of the Group.

RESPONSIBILITY

The Board of Directors of BAssets (“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.

MANAGEMENT STYLE

The management of the Group as a whole is assigned to the Executive Directors who will lead the management teams. The Executive Directors and their respective management teams of the Group’s individual operating units are accountable for the conduct and performance of their businesses within the agreed business strategy.

The Executive Directors and the management team, holds regular meetings and review financial and operations reports, in order to monitor the performance and profitability of the Group’s businesses. The Group also prides itself in the “open-door” and “close-to-operations” policy practised by the Executive Directors and the management. These provide the platform for timely identification of the Group’s risks and systems to manage risks.

The Board does not regularly review the internal control system of its joint ventures, as the Board does not have any direct control over their operations. The Group has appointed representatives to the respective board of these joint ventures which hold regular meetings to oversee and manage their operations. These representatives provide the Board with information for timely decision making on the continuity of the Board’s investments based on the performance of the joint ventures.

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 Audit and Risk Management Committee (“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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ASSURANCE MECHANISM

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

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

The Board also reviews the minutes of meetings of the ARMC. The Report of the ARMC is set on pages 39 to 44 of the Annual 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 for monitoring performance, covering financial performance and key business indicators;
- Regular visits to business units by senior management;
- Independent assurance on the system of internal control from regular internal audit visits; and
- Physical security and systems access controls.

WHISTLEBLOWING POLICY

The Group has in place a whistleblowing policy, designed to enable all its employees (including Directors) with the appropriate mechanisms to confidentially provide information in an independent and unbiased manner, on any genuine concerns, without fear of recrimination so as to enable prompt corrective action to be taken where appropriate.

RISK MANAGEMENT

An ARMC has been established by the Company to further enhance the Group's system of internal control and be in line with the Malaysian Code of Corporate Governance. The management teams of business units maintain risk register which outlines the risk policies including the procedures of risk identification, risk tolerance and the evaluation and managing process.

The members of the ARMC during the financial year ended 30 June 2018 are Mr Heng Kiah Choong (Chairman), Dato' Mohd Salleh Bin Ahmad, Mr Chan Kien Sing and Datuk Robert Yong Kuen Loke.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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.
- On a quarterly basis, 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.

REVIEW BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on the Statement on Risk Management and Internal Control (“SRMIC”) pursuant to the scope set out in Audit and Assurance Practice Guidance (“AAPG”) 3 (previously the Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the SRMIC included in the Annual Report issued by the Malaysian Institute of Accountants), for the year ended 30 June 2018, 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 SRMIC: Guidelines for Directors of Listed Issuers, nor is the SRMIC factually inaccurate. AAPG 3 does not require the auditors to consider whether the Directors’ 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 Directors 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 Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

CONCLUSION

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 2018.

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

Datuk Robert Yong Kuen Loke

Independent Non-Executive Director

The ARMC held five (5) meetings during the financial year ended 30 June 2018. 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 |
| Datuk Robert Yong Kuen Loke ¹ | 2/2* |

Notes:

¹ Datuk Robert Yong Kuen Loke was appointed as the member of the ARMC on 28 November 2017.

* reflects the attendance and the number of meeting held during the financial year since the Director held office.

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 Land 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

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

| Date of Meetings | Review of Quarterly Financial Statements |
|-------------------------|--|
| 23 August 2017 | Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 June 2017 |
| 28 November 2017 | First quarter results for the financial year ended 30 June 2018 |
| 27 February 2018 | Second quarter results for the financial year ended 30 June 2018 |
| 21 May 2018 | Third quarter results for the financial year ended 30 June 2018 |

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 the audited financial statements of the Company and the Group for the financial year ended 30 June 2017 together with the Management and the External Auditors at its meeting held on 4 October 2017 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. discussed and considered the significant accounting and auditing issues arising from the interim audit as well as the final audit with the External Auditors including the following key audit matters raised in the external auditors' report for the financial year ended 30 June 2017:-
 - (1) Valuation of Investment Properties;
 - (2) Impairment of Goodwill; and
 - (3) Additional Assessment raised by the Inland Revenue Board of Malaysia.

The ARMC also had a private discussion with the External Auditors on 4 October 2017 without the presence of Management during the review of the audited financial statements for the year ended 30 June 2017 to discuss any problems/issues arising from the audit review.

- b. evaluated the performance of the External Auditors for the financial year ended 30 June 2017 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 PLT ("Deloitte PLT"), had recommended to the Board for approval of the re-appointment of Deloitte PLT as External Auditors for the ensuing financial year end of 30 June 2018 at its meeting held on 4 October 2017.
- c. reviewed with the External Auditors at the meeting held on 21 May 2018, their audit plan in respect of the financial year end of 30 June 2018, outlining the auditors' responsibilities, materiality, scoping of components, significant risks and areas of audit focus, internal control plan, involvement of internal auditors and internal specialists, involvement of audit data analytics, timing of audit and technical updates.

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;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- iv. Operation of hotel;
- v. Operation of restaurant;
- vi. Management and operation of theme park; and
- vii. 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.

- b. reviewed and approved the Internal Audit Plan for financial year ending 30 June 2019 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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(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 acquisitions by the Company and/or its subsidiary companies of up to an additional 10.0 million ordinary shares in 7-Eleven Malaysia Holdings Berhad in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices;
- ii. proposed acquisitions by the Company and/or its subsidiary companies of up to an additional 10.0 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;
- iii. proposed acquisition by the Company and/or its subsidiary companies of such number of ordinary shares in Berjaya Corporation Berhad in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices for a total cash consideration of up to RM5.0 million;
- iv. proposed acquisition by the Company and/or its subsidiary companies of up to 2.0 million ordinary shares in Berjaya Media Berhad in the open market and/or via direct business transactions over a period of 12 months based on the then prevailing market prices;
- v. proposed acquisitions by the Company and/or its subsidiary companies of up to 15.0 million ordinary shares in 7-Eleven Malaysia Holdings Berhad in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices;
- vi. proposed acquisitions by the Company and/or its subsidiary companies of up to 7.0 million ordinary shares in Berjaya Food Berhad in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices;
- vii. proposed disposal by the Company's subsidiary company of 15,625,000 ordinary shares in 7-Eleven Malaysia Holdings Berhad via a direct business transaction for a total cash consideration of RM25.0 million;
- viii. proposed acquisition by the Company's subsidiary company of 51.5 million ordinary shares in Berjaya Corporation Berhad via a direct business transaction for a total cash consideration of RM16,995,000;
- ix. proposed acquisition by the Company and/or its subsidiary companies of up to 19.50 million ordinary shares in Berjaya Corporation Berhad in the open market and/or via direct business transactions based on the then prevailing market prices;
- x. proposed acquisition by the Company and/or its subsidiary companies of up to an additional 60.0 million ordinary shares in Berjaya Corporation Berhad in the open market and/or via direct business transactions based on the then prevailing market prices;
- xi. proposed acquisitions by the Company and/or its subsidiary companies of up to an additional 20.0 million ordinary shares in 7-Eleven Malaysia Holdings Berhad in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices; and

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- xii. proposed acquisitions by the Company and/or its subsidiary companies of such number of 5% 10-year irredeemable convertible unsecured loan stocks 2012/2022 in Berjaya Corporation Berhad in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices for a total cash consideration of up to RM10.0 million.

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 2017 Annual Report.
- b. Reviewed and approved the External Auditors Policy of the Company which encompassed the appointment of External Auditors, assessment of External Auditors, independence of the External Auditors, non-audit services, annual reporting, rotation of external audit engagement partner and appointment of a former key audit partner as member of ARMC and/or Director in order to govern the assessment and monitor the External Auditors.
- c. Reviewed and recommended to the Board for approval the revised Terms of Reference of the ARMC following the amendments to the Main Market Listing Requirements of Bursa Securities which took effect on 2 January 2018 and the new Malaysian Code of Corporate Governance as follows:-
 - (i) Inclusion a statement that any former audit partner shall observe a two-year cooling-off period before being appointed as a member of ARMC;
 - (ii) Inclusion of responsibilities of the Chairman of the ARMC; and
 - (iii) Enhancement of authority and duties of the ARMC.

In order to discharge the above duties and responsibilities of ARMC effectively, the ARMC had undertaken continuous professional development by attended various seminars, training programs and conferences during the financial year. They were also briefed by the External Auditors of the latest accounting and audit standards applicable to the Group and topics on changes in regulatory environment. The list of training attended is disclosed in the Corporate Governance Overview Statement as set out in this Annual Report.

SUMMARY OF THE WORKS OF THE INTERNAL AUDIT FUNCTION

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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 2018 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.

For the financial year under review, the Internal Auditors conducted audit assignments on various operating units in the Group involved in lifestyle restaurants, 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 2018 was approximately RM343,000.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Directors are responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect other irregularities.

FINANCIAL STATEMENTS

| | |
|---|-----|
| Directors' Report | 47 |
| Statement by Directors | 52 |
| Statutory Declaration | 52 |
| Statements of Financial Position | 53 |
| Statements of Profit or Loss | 55 |
| Statements of Profit or Loss and Other Comprehensive Income | 56 |
| Consolidated Statement of Changes in Equity | 57 |
| Statement of Changes in Equity | 58 |
| Consolidated Statement of Cash Flows | 59 |
| Statement of Cash Flows | 62 |
| Notes to the Financial Statements | 64 |
| Independent Auditors' Report | 159 |

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies consist of:

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

RESULTS

The results of the Group and of the Company for the financial year are as follows:

| | Group RM'000 | Company RM'000 |
|---------------------------|-----------------|-------------------|
| Loss for the year | <u>(29,568)</u> | <u>(94,152)</u> |
| Attributable to: | | |
| Owners of the Parent | (32,961) | (94,152) |
| Non-controlling interests | 3,393 | - |
| | <u>(29,568)</u> | <u>(94,152)</u> |

In the opinion of the Directors, the results of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Notes 31 and 34 to the financial statements.

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

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

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its ordinary share capital from RM1,447,277,806.61 to RM1,538,120,606.81 by way of:

- (i) issuance of 90,843,800 new ordinary shares pursuant to the exercise of 90,843,800 Warrants 2008/2018 at RM1.00 per new ordinary share; and
- (ii) share split involving of sub-division of its existing 1,279,135,359 ordinary shares into 2,558,270,718 ordinary shares ("Share Split") and the issuance of 249,888,548 additional warrants 2008/2018 arising from the adjustment made pursuant to the Share Split.

The new ordinary shares issued during the financial year ranked pari passu with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

SHARE OPTIONS AND WARRANTS

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

The movements in the Warrants 2008/2018 of the Company during the financial year are as follows:

| | No. of unexercised Warrants 2008/2018 '000 |
|--------------------------------|--|
| As of 1 July 2017 | 340,732 |
| Exercised during the year | <u>(90,843)</u> |
| | 249,889 |
| Issued pursuant to Share Split | <u>249,888</u> |
| | 499,777 |
| Expired on 16 March 2018 | <u>(499,777)</u> |
| As of 30 June 2018 | <u><u>-</u></u> |

During the financial year under review, the Company issued 1,279,135,359 new free Warrants 2018/2023 pursuant to the bonus issue of Warrants 2018/2023 on the basis of one (1) Warrant 2018/2023 for every two (2) existing ordinary shares held.

The main features of the Warrants 2008/2018 and Warrants 2018/2023 are disclosed in Note 18 to the financial statements.

DIRECTORS' REPORT

DIRECTORS

The names of the Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

| | |
|--|--------------------------------|
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail | (Appointed on 4 October 2017) |
| Datuk Wira Lye Ek Seang | |
| Chryseis Tan Sheik Ling | |
| Koh Huey Min | |
| Chan Kien Sing | |
| Datuk Robert Yong Kuen Loke | |
| Heng Kiah Choong | |
| Dato' Mohd Salleh Bin Ahmad | |
| Morvin Tan U-Jiang | (Resigned on 27 February 2018) |

The names of directors of subsidiary companies are set out in the respective subsidiary companies' statutory accounts and the said information is deemed incorporated herein by such reference and made part of hereof.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 33 to the financial statements or the fixed salary of a full-time employee of the Company), by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 42 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a Directors' and Officers' Liability Insurance for the purposes of Section 289(5) of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid during the financial year amounted to RM47,833.

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings, the interests the directors in office at the end of the financial year in shares and warrants of the Company and of its related corporations during the financial year were as follows:-

THE COMPANY

| Berjaya Assets Berhad | Number of Ordinary Shares | | | As of 30.6.2018 |
|--|------------------------------|---------|------|--------------------|
| | As of date of appointment | Bought | Sold | |
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail | - | 200,000 | - | 200,000 |

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (CONTD.)

THE COMPANY (CONTD.)

| Berjaya Assets Berhad | <u>Number of Warrants 2018/2023</u> | | | <u>As of 30.6.2018</u> |
|--|--------------------------------------|---------------|-------------|----------------------------|
| | <u>As of date of appointment</u> | <u>Bought</u> | <u>Sold</u> | |
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail | - | 100,000 * | - | 100,000 |

* Free Warrants 2018/2023 allotted pursuant to the Bonus Issue of Warrants 2018/2023 on the basis of one (1) Warrant 2018/2023 for every two (2) existing ordinary shares held.

SUBSIDIARY COMPANY

| Jauhari Maksima Sdn Bhd | <u>Number of Ordinary Shares</u> | | | <u>As of 30.6.2018</u> |
|--|--------------------------------------|---------------|-------------|----------------------------|
| | <u>As of date of appointment</u> | <u>Bought</u> | <u>Sold</u> | |
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail | 380,000 | - | - | 380,000 |

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares and warrants of the Company or its related corporations during the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 48 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONTD.)

- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

The amount payable as remuneration of the auditors for the financial year ended 30 June 2018 is as disclosed in Note 36 to the financial statements.

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

CHRYSEIS TAN SHEIK LING
22 October 2018

HENG KIAH CHOONG

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, CHRYSEIS TAN SHEIK LING and HENG KIAH CHOONG, being two of the Directors of BERJAYA ASSETS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 53 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2018 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 October 2018.

CHRYSEIS TAN SHEIK LING

HENG KIAH CHOONG

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, DATUK WIRA LYE EK SEANG, being the Director primarily responsible for the financial management of BERJAYA ASSETS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 158 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed DATUK WIRA LYE EK SEANG
at Kuala Lumpur in the Federal Territory
on 22 October 2018.

DATUK WIRA LYE EK SEANG

Before me,

YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)
Commissioner for Oaths
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2018

| | Note | GROUP | | COMPANY | |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 5 | 291,776 | 303,657 | 67 | 83 |
| Investment properties | 6 | 2,501,039 | 2,508,166 | - | - |
| Inventories - | | | | | |
| land held for property development | 7 | 75,479 | 99,197 | - | - |
| Prepaid lease payments | 8 | 4,883 | 5,291 | - | - |
| Subsidiary companies | 9 | - | - | 1,282,447 | 1,286,271 |
| Associated company | 10 | 227 | - | - | - |
| Joint ventures | 11 | 13,716 | 14,882 | - | - |
| Other investments | 12 | 270,453 | 187,641 | 471 | 542 |
| Deferred tax assets | 26 | 14,067 | 15,169 | - | - |
| Intangible assets | 13 | 36,024 | 57,811 | - | - |
| Receivables | 15 | - | - | 195,164 | 128,217 |
| | | <u>3,207,664</u> | <u>3,191,814</u> | <u>1,478,149</u> | <u>1,415,113</u> |
| CURRENT ASSETS | | | | | |
| Inventories | 14 | 196,323 | 196,948 | - | - |
| Receivables | 15 | 65,979 | 41,028 | 146,045 | 219,003 |
| Tax recoverable | | 151 | 249 | - | 70 |
| Cash and bank balances | 16 | 99,250 | 89,212 | 7,250 | 10,154 |
| Non-current assets classified as held for sale | 17 | 26,118 | - | - | - |
| | | <u>387,821</u> | <u>327,437</u> | <u>153,295</u> | <u>229,227</u> |
| TOTAL ASSETS | | <u><u>3,595,485</u></u> | <u><u>3,519,251</u></u> | <u><u>1,631,444</u></u> | <u><u>1,644,340</u></u> |

STATEMENTS OF FINANCIAL POSITION

AS OF 30 JUNE 2018

| | Note | GROUP | | COMPANY | |
|--|------|------------------|------------------|------------------|------------------|
| | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| EQUITY | | | | | |
| Share capital | 18 | 1,538,120 | 1,447,277 | 1,538,120 | 1,447,277 |
| Available-for-sale reserve | 19 | 6,641 | 15,949 | 88 | 157 |
| Foreign currency translation reserve | 20 | 6,585 | 10,068 | - | - |
| Retained earnings/(Accumulated losses) | 21 | 736,400 | 769,361 | (50,748) | 43,404 |
| Equity funds | | <u>2,287,746</u> | <u>2,242,655</u> | <u>1,487,460</u> | <u>1,490,838</u> |
| Non-controlling interests | | 9,654 | 8,672 | - | - |
| Total equity | | <u>2,297,400</u> | <u>2,251,327</u> | <u>1,487,460</u> | <u>1,490,838</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Bank borrowings | 22 | 534,210 | 612,924 | 34,924 | - |
| Senior medium term notes/Senior bonds | 23 | 157,808 | 119,514 | - | - |
| Hire purchase liabilities | 24 | 1,019 | 1,215 | 12 | 35 |
| Long term liabilities | 25 | 179,169 | 187,060 | - | - |
| Deferred tax liabilities | 26 | 117,365 | 111,126 | 16 | 20 |
| | | <u>989,571</u> | <u>1,031,839</u> | <u>34,952</u> | <u>55</u> |
| CURRENT LIABILITIES | | | | | |
| Payables | 27 | 138,568 | 126,071 | 108,611 | 153,424 |
| Bank borrowings | 22 | 165,706 | 64,035 | - | - |
| Senior medium term notes/Senior bonds | 23 | - | 39,911 | - | - |
| Hire purchase liabilities | 24 | 638 | 496 | 24 | 23 |
| Provisions | 28 | 147 | 804 | - | - |
| Tax payable | | 3,455 | 4,768 | 397 | - |
| | | <u>308,514</u> | <u>236,085</u> | <u>109,032</u> | <u>153,447</u> |
| Total liabilities | | <u>1,298,085</u> | <u>1,267,924</u> | <u>143,984</u> | <u>153,502</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>3,595,485</u> | <u>3,519,251</u> | <u>1,631,444</u> | <u>1,644,340</u> |

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

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2018

| | Note | GROUP | | COMPANY | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Revenue | 29 | 312,690 | 356,358 | 27,068 | 739 |
| Cost of sales | 30 | (115,563) | (149,971) | - | - |
| Gross profit | | 197,127 | 206,387 | 27,068 | 739 |
| Fair value changes on investment properties | 6 | 15,697 | 33,132 | - | - |
| Other income | 31 | 29,267 | 30,096 | 8,950 | 8,255 |
| Distribution and marketing expenses | | (5,798) | (5,675) | - | - |
| Administrative expenses | | (164,579) | (118,507) | (2,990) | (2,503) |
| Other expenses | 34 | (57,497) | (67,214) | (117,980) | (48,105) |
| Finance costs | 35 | (14,217) | 78,219 | (84,952) | (41,614) |
| Share of results of associates | | (70,439) | (68,598) | (7,181) | (13,467) |
| Share of results of joint ventures | | (826) | - | - | - |
| (Loss)/Profit before tax | 36 | 44,488 | (1,730) | - | - |
| Income tax expense | 37 | (12,560) | 7,891 | (92,133) | (55,081) |
| Loss for the year | | (17,008) | (20,108) | (2,019) | (1,489) |
| | | (29,568) | (12,217) | (94,152) | (56,570) |
| Attributable to: | | | | | |
| Owners of the Parent | | (32,961) | (11,437) | (94,152) | (56,570) |
| Non-controlling interests | | 3,393 | (780) | - | - |
| | | (29,568) | (12,217) | (94,152) | (56,570) |
| Loss per share attributable to owners of the Parent (sen) | | | | | |
| Basic | 38 | (1.31) | (0.51) | | |
| Fully diluted | 38 | (1.31) | (0.51) | | |
| Dividend per share (sen) | | | | | |
| Final dividend | | | | - | - |

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

| | GROUP | | COMPANY | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Loss for the year | (29,568) | (12,217) | (94,152) | (56,570) |
| Other comprehensive income: | | | | |
| <u>Items that may be subsequently reclassified to profit or loss</u> | | | | |
| Net loss on available-for-sale investments: | | | | |
| - Loss on fair value changes | (9,308) | (13,331) | (69) | (16) |
| - Transfer to statement of profit or loss upon disposal | - | (1,201) | - | - |
| Currency translation difference | (4,004) | 2,787 | - | - |
| Total comprehensive income for the year | <u>(42,880)</u> | <u>(23,962)</u> | <u>(94,221)</u> | <u>(56,586)</u> |
| Attributable to: | | | | |
| Owners of the Parent | (45,752) | (23,459) | (94,221) | (56,586) |
| Non-controlling interests | 2,872 | (503) | - | - |
| | <u>(42,880)</u> | <u>(23,962)</u> | <u>(94,221)</u> | <u>(56,586)</u> |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

| | Attributable to the owners of the Parent | | Distributable | | | | Total Equity | |
|--|--|---------------|--------------------------------------|-------------------|----------------|---------------------------|--------------|------------------|
| | Non-distributable | | Foreign Currency Translation Reserve | Retained Earnings | Equity Funds | Non-controlling Interests | RM'000 | |
| | Share Capital | Share Premium | Available-for-sale Reserve | RM'000 | RM'000 | RM'000 | RM'000 | |
| As of 1 July 2017 | 1,447,277 | - | 15,949 | 10,068 | 769,361 | 2,242,655 | 8,672 | 2,251,327 |
| Total comprehensive income | - | - | (9,308) | (3,483) | (32,961) | (45,752) | 2,872 | (42,880) |
| Transactions with owners: | | | | | | | | |
| Issuance of ordinary shares pursuant to exercise of Warrants 2008/2018 | 90,843 | - | - | - | - | 90,843 | - | 90,843 |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | (1,890) | (1,890) |
| As of 30 June 2018 | 1,538,120 | - | 6,641 | 6,585 | 736,400 | 2,287,746 | 9,654 | 2,297,400 |
| As of 1 July 2016 | 1,113,042 | 258,985 | 30,481 | 7,558 | 780,798 | 2,190,864 | 9,175 | 2,200,039 |
| Total comprehensive income | - | - | (14,532) | 2,510 | (11,437) | (23,459) | (503) | (23,962) |
| Transactions with owners: | | | | | | | | |
| Issuance of ordinary shares pursuant to exercise of Warrants 2008/2018 | 75,250 | - | - | - | - | 75,250 | - | 75,250 |
| Transfer arising from "no par value" regime | 258,985 | (258,985) | - | - | - | - | - | - |
| As of 30 June 2017 | 1,447,277 | - | 15,949 | 10,068 | 769,361 | 2,242,655 | 8,672 | 2,251,327 |

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

<-----Non-distributable----->

| | Share Capital RM'000 | Share Premium RM'000 | Available- for-sale Reserve RM'000 | Retained Earnings/ (Accumulated Losses) RM'000 | Total RM'000 |
|--|----------------------------|----------------------------|---|--|------------------|
| As of 1 July 2017 | 1,447,277 | - | 157 | 43,404 | 1,490,838 |
| Total comprehensive income | - | - | (69) | (94,152) | (94,221) |
| Transaction with owners: Issuance of ordinary shares pursuant to exercise of Warrants 2008/2018 | 90,843 | - | - | - | 90,843 |
| As of 30 June 2018 | <u>1,538,120</u> | <u>-</u> | <u>88</u> | <u>(50,748)</u> | <u>1,487,460</u> |
| As of 1 July 2016 | 1,113,042 | 258,985 | 173 | 99,974 | 1,472,174 |
| Total comprehensive income | - | - | (16) | (56,570) | (56,586) |
| Transactions with owners: Issuance of ordinary shares pursuant to exercise of Warrants 2008/2018 | 75,250 | - | - | - | 75,250 |
| Transfer arising from "no par value" regime | 258,985 | (258,985) | - | - | - |
| As of 30 June 2017 | <u>1,447,277</u> | <u>-</u> | <u>157</u> | <u>43,404</u> | <u>1,490,838</u> |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 RM'000 | 2017 RM'000 |
|---|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 341,174 | 388,280 |
| Payments to suppliers, prize winners and other operating expenses | | (272,819) | (282,844) |
| Payments for pool betting duties, gaming tax, royalties and other government contributions | | (22,838) | (30,598) |
| Tax refund | | 490 | 50 |
| Payment of taxes | | (11,308) | (14,047) |
| Other payments | | (3,058) | (7,173) |
| Net cash generated from operating activities | | 31,641 | 53,668 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of property, plant and equipment | | 269 | 123 |
| Acquisition of property, plant and equipment | (a) | (2,996) | (2,453) |
| Acquisition of properties | (b) | (1,642) | (2,656) |
| Sale of other investments | | 28,237 | 7,816 |
| Proceeds from disposal of investment properties | | 13,970 | - |
| Redemption of redeemable preference shares in a joint venture | | 13,104 | - |
| Acquisition of equity interest in a subsidiary company regarded as business combination | (c) | - | (24,719) |
| Acquisition of equity interest in subsidiary companies | | - | (4) |
| Acquisition of investment in associates | | (1,053) | - |
| Acquisition of other investments | | (150,233) | (63,012) |
| Interest received | | 3,640 | 2,044 |
| Dividends received | | 32,400 | 213 |
| Other payments | | (23,154) | (5,400) |
| Net cash used in investing activities | | (87,458) | (88,048) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of shares | | 90,843 | 75,250 |
| Issuance of senior medium term notes | | 160,000 | - |
| Drawdown of borrowings and loans | | 81,543 | 535,076 |
| Repayment of borrowings and loans | | (53,292) | (502,543) |
| Repayment of senior bonds | | (160,000) | - |
| Dividend paid to non-controlling interests of a subsidiary company | | (1,890) | - |
| Interest paid | | (54,118) | (51,348) |
| Payment of hire purchase liabilities | | (670) | (467) |
| Placements with banks as security pledged for borrowings | | (8,712) | (20,640) |
| Net cash generated from financing activities | | 53,704 | 35,328 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | (2,113) | 948 |
| EFFECTS OF EXCHANGE RATE CHANGES | | 34 | 69 |
| OPENING CASH AND CASH EQUIVALENTS | | 41,608 | 40,591 |
| CLOSING CASH AND CASH EQUIVALENTS | (d) | 39,529 | 41,608 |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 RM'000 | 2017 RM'000 |
|--|----------------|----------------|
| (a) The additions to property, plant and equipment consist of the following: | | |
| Payment by cash | 2,996 | 2,453 |
| Financed by hire purchase | 616 | 811 |
| Deferred payment | - | 219 |
| Overaccrual of costs in prior years | (358) | - |
| Total (Note 5) | <u>3,254</u> | <u>3,483</u> |
| (b) The additions to properties consist of the following: | | |
| Payment by cash | 1,642 | 2,656 |
| Other payables and accrued expenses | 1,863 | 173 |
| Total (Notes 6 and 7) | <u>3,505</u> | <u>2,829</u> |
| (c) Analysis of the effects of the acquisition of equity interest in a subsidiary company on cash flows were as follows: | | |
| Group | | |
| Property, plant and equipment | - | 29,049 |
| Prepaid lease payments | - | 5,300 |
| Net other liabilities assumed | - | (6,003) |
| Goodwill on consolidation (Note 13) | - | 1,301 |
| Net assets acquired | - | <u>29,647</u> |
| Excluding: | | |
| Cash and cash equivalents of a subsidiary company acquired | - | (1,281) |
| Deposit paid in prior year | - | (3,250) |
| Consideration to be settled by cash (Note 27) | - | (397) |
| Net cash outflow on acquisition | <u>-</u> | <u>24,719</u> |
| (d) The closing cash and cash equivalents consist of: | | |
| Deposits with licensed banks (Note 16) | 66,186 | 58,436 |
| Cash on hand and at banks (Note 16) | 33,064 | 30,776 |
| | <u>99,250</u> | <u>89,212</u> |
| Less: | | |
| Bank overdraft (Note 22) | (3,405) | - |
| Cash and cash equivalents restricted in usage | (56,316) | (47,604) |
| | <u>39,529</u> | <u>41,608</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

(e) Reconciliation of liabilities arising from financing activities:

| Group | Senior medium term notes/ Senior bonds RM'000 | Bank borrowings RM'000 | Hire purchase liabilities RM'000 | Total RM'000 |
|--|--|---------------------------------------|---|-------------------------|
| As of 1 July 2017 | 159,425 | 676,959 | 1,711 | 838,095 |
| Drawdown of borrowings | - | 81,543 | - | 81,543 |
| Redemption of senior bonds | (160,000) | - | - | (160,000) |
| Issuance of senior medium term notes | 160,000 | - | - | 160,000 |
| Additional hire purchase liabilities | - | - | 616 | 616 |
| Exchange differences | - | (8,176) | - | (8,176) |
| Unamortised transaction costs | (1,646) | (70) | - | (1,716) |
| Charge out of deferred transaction costs | 29 | 2,952 | - | 2,981 |
| Repayment of borrowings | - | (53,292) | (670) | (53,962) |
| As of 30 June 2018 | <u>157,808</u> | <u>699,916</u> | <u>1,657</u> | <u>859,381</u> |

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 RM'000 | 2017 RM'000 |
|---|------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments for operating expenses | | (3,587) | (3,829) |
| Payment of taxes | | (1,552) | (1,767) |
| Net cash used in operating activities | | (5,139) | (5,596) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | | (18) | (4) |
| Subscription of additional shares in a subsidiary company | | - | (1,000) |
| Acquisition of equity interest in subsidiary companies | | (2) | (4) |
| Interest received | | 8,803 | 8,162 |
| Inter-company (payments)/receipts | | (151,525) | 189,325 |
| Dividends received | | 26,343 | - |
| Net cash (used in)/generated from investing activities | | (116,399) | 196,479 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of shares | | 90,843 | 75,250 |
| Drawdown of borrowings and loans | | 34,979 | - |
| Repayment of borrowings and loans | | - | (250,000) |
| Interest paid | | (7,166) | (11,163) |
| Payment of hire purchase liabilities | | (22) | (28) |
| Withdrawal from bank as security pledged for borrowing | | - | 1,523 |
| Net cash generated from/(used in) financing activities | | 118,634 | (184,418) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | (2,904) | 6,465 |
| OPENING CASH AND CASH EQUIVALENTS | | 10,154 | 3,689 |
| CLOSING CASH AND CASH EQUIVALENTS | (a) | 7,250 | 10,154 |
| (a) The closing cash and cash equivalents consist of: | | | |
| | | 2018 RM'000 | 2017 RM'000 |
| Deposits with licensed banks (Note 16) | | 6,792 | 10,119 |
| Cash on hand and at banks (Note 16) | | 458 | 35 |
| | | 7,250 | 10,154 |

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

(b) Reconciliation of liabilities arising from financing activities:

| Company | Bank borrowings RM'000 | Hire purchase liabilities RM'000 | Total RM'000 |
|--|---------------------------------------|---|-------------------------|
| As of 1 July 2017 | - | 58 | 58 |
| Drawdown of borrowings | 34,979 | - | 34,979 |
| Unamortised transaction costs | (70) | - | (70) |
| Change out of deferred transaction costs | 15 | - | 15 |
| Repayment of borrowings | - | (22) | (22) |
| As of 30 June 2018 | <u>34,924</u> | <u>36</u> | <u>34,960</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

1 GENERAL INFORMATION

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

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

The principal activities of the subsidiary companies consist of:

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

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

The principal place of business of the Company is located at Level 12, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

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

The financial statements were authorised for issue in accordance with a resolution of the Directors on 22 October 2018.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

2.1 Adoption of Amendments to Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the amendments to MFRSs issued by Malaysian Accounting Standards Board that are relevant to its operations and effective for annual financial periods beginning on or after 1 July 2017.

Amendments to MFRS 107: Statement of Cash Flows - Disclosure Initiative

Amendments to MFRS 112: Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRSs 2014-2016 Cycle - Amendments to MFRS 12: Disclosure of Interests in Other Entities

The adoption of these amendments to MFRSs and Annual Improvements to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company except as discussed below:

(a) Amendments to MFRS 107: Statement of Cash Flows – Disclosure Initiative

The amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in statement of cash flows, the application of these amendments has had no impact on the Group and the Company.

(b) Amendments to MFRS 112: Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restrict the sources of taxable profits against which it may make deductions on the reversal of the deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments had no impact on the Group and on the Company as the Group and the Company already assessed the sufficiency of future profits in a way that is consistent with these amendments.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

2.2 MFRSs and Amendments to MFRSs issued but not yet effective

At the date of authorisation of these financial statements, the following new MFRSs, Amendments to MFRSs, and Issues Committee Interpretations ("IC Interpretation") which were issued but not yet effective and not early adopted by the Group and the Company are as listed below:

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

MFRS 9: Financial Instruments (2014)
MFRS 15: Revenue from Contracts with Customers
Amendments to MFRS 2: Classification of Measurement of Share-based Payment Transactions
Amendments to MFRS 4: Applying MFRS 9: Financial Instruments with MFRS 4: Insurance Contracts
Amendments to MFRS 140: Transfer of Investment Property
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014–2016 Cycle

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

MFRS 16: Leases
Amendments to MFRS 9: Financial Instruments - Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-Term Interest in Associates and Joint Ventures
IC Interpretation 23: Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015–2017 Cycle

Effective for financial periods beginning on or after 1 January 2020:

Amendments to References to the Conceptual Framework in MFRS Standards

Effective for financial periods beginning on or after 1 January 2021:

MFRS 17: Insurance Contracts

Effective date yet to be determined:

Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

Unless otherwise described below, the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs will have no material impact on the financial statements of the Group and the Company in the period of initial application except for the changes in presentation and disclosures of financial information.

(a) MFRS 9: Financial Instruments

MFRS 9 introduces new requirements for classification and measurements, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. During the financial year ended 30 June 2018, the Group and the Company have performed impact assessment of all three aspects of MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

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

(a) MFRS 9: Financial Instruments (contd.)

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2019 when the Group and the Company adopts MFRS 9.

Based on the analysis of the Group's and Company's financial assets and liabilities as at 30 June 2018 on the basis of facts and circumstances that exist at that date, the directors of the Group and the Company have assessed the impact of MFRS 9 to the Company's financial statements as follows:

(i) Classification and measurement

The Group and the Company do not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9. All financial assets are currently held at fair value and expected to remain the same. Quoted equity shares currently held as available-for-sale ("AFS") will continue to record gains and losses in other comprehensive income ("OCI"). The equity shares in non-quoted companies are intended to be held for the foreseeable future which the Company will apply the option to present its fair value changes in OCI.

As at 30 June 2018, the Group and the Company had a total investment in quoted and non-quoted equity instruments at fair value of RM263,320,000 and RM7,133,000 that were classified as available-for-sale investments as disclosed in Note 12. The total impairment losses and cumulative gains recognised through OCI (which is attributable to the owners of parent) to available-for-sale reserve that have been recognised for these investments amounted to RM6,641,000 and RM88,000 respectively. These amounts would be transferred to a fair value reserve upon initial adoption of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

There will be no impact on the Group's and the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group and the Company do not have any such liabilities.

In summary, the impact from classification and measurement is expected to be as follows:

Impact on equity (increase/(decrease)) as at 30 June 2018:

| Equity | Group RM'000 | Company RM'000 |
|----------------------------|-----------------|-------------------|
| Fair value reserve | (6,641) | (88) |
| Available-for-sale reserve | 6,641 | 88 |
| Net equity funds | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

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

(a) MFRS 9: Financial Instruments (contd.)

(ii) Impairment

Under MFRS 9, the Group and the Company are required to record expected credit loss on its trade and other receivables either on a 12-month or lifetime basis. The Group and the Company will apply the simplified approach and record lifetime expected credit losses on its trade receivables.

The trade receivables mainly consist of creditworthy debtors with good payment records and debtors with no concerns on the credit worthiness. The Group and the Company minimise credit risk by dealing with high credit rating counterparties, application of credit approval limits and continuous monitoring procedures. The Group expects that there will not be significant impact to the Group's financial statements from the impairment based on the expected credit loss model on its trade receivables.

For other non-trade receivables, the Group and the Company are currently still assessing the potential impact to the financial statements.

(iii) Hedge accounting

There will be no impact on the Group's accounting for hedge accounting as the Group does not have any hedges.

(b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 : Revenue, MFRS 111 : Construction Contracts and the related interpretations when it becomes effective. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group and the Company plan to adopt the new standard on the required effective date using the applicable retrospective method with the practical expedients available. The Directors have assessed the effects of applying the new standard and have identified the following areas that will be affected on the Group's and the Company's financial statements.

Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standard. Many of the disclosure requirements in MFRS 15 are new and the Group and the Company have assessed that may have no impact to some of these disclosures.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

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

(b) MFRS 15: Revenue from Contracts with Customers (contd.)

Presentation and disclosure requirements (contd.)

In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made; when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In addition, extended disclosure are also expected as a result of the significant judgement made when assessing the contract where the Group has concluded that it acts as an agent instead of a principal. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

The Group continued testing the appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

(c) MFRS 16: Leases

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

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payment that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases : operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group and the Company are currently assessing the impact of MFRS 16 and plan to adopt the new standard on the effective date.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

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

3.2 Summary of Significant Accounting Policies

(1) Subsidiary Companies and Basis of Consolidation

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

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

If the business combination is achieved in stages, any previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in the statement of profit or loss.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

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

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

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

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

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

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

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

(2) Associated Companies and Joint Ventures

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

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

After application of the equity method, the Group determines whether it is necessary to recognise impairment loss on its investments in its associated companies and joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in the associated companies and joint ventures are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associated company and joint venture and their carrying values, then recognises the loss in the statement of profit or loss.

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

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

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

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

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

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

(3) Affiliated Companies

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(4) Property, Plant and Equipment, and Depreciation

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

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

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

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

| | |
|--|--|
| Freehold building | 2% |
| Long term leasehold land and buildings | Over remaining economic useful life of the lease |
| Short term leasehold land and buildings | Up to 50 years |
| Plant, machinery and equipment | 10% - 20% |
| Computer equipment | 10% - 20% |
| Renovation | 10% - 33% |
| Furniture, fittings and office equipment | 5% - 50% |
| First aid and theme park equipment | 10% - 20% |
| Motor vehicles | 14% - 20% |
| Others * | 10% - 20% |

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(5) Investment Properties

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

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

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

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

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

(6) Prepaid Lease Payments

Leasehold land, when an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Leasehold land is amortised in equal instalments over the remaining lease period of 14 years.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(7) Intangible Assets

(i) Goodwill

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

(ii) Other Intangible Assets

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

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

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

| | |
|----------------|----------|
| Rights | 28 years |
| Franchise fees | 5 years |

(8) Inventories

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

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

The cost of work-in-progress is calculated using the weighted average method. In the case of work-in-progress and finished goods of vehicle assembly, cost includes an appropriate share of production overheads based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(8) Inventories (contd.)

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

Land held for property development

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

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs at completion and applicable variable expenses.

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

(9) Asset Classified as Held for Sale

Asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal groups) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current asset classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are included in the statement of profit or loss.

(10) Fair Value Measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(10) Fair Value Measurement (contd.)

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole as described in Note 44.

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

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

(11) Impairment of Non-Financial Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(11) Impairment of Non-Financial Assets (contd.)

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

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

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

(12) Financial Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(12) Financial Assets (contd.)

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

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

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

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

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

(ii) Loans and Receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(12) Financial Assets (contd.)

(iii) Held-To-Maturity Investments

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

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

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

(iv) Available-For-Sale Financial Assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(13) Impairment of Financial Assets

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

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

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

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

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

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

(ii) Available-For-Sale Financial Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(13) Impairment of Financial Assets (contd.)

(ii) Available-For-Sale Financial Assets (contd.)

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

(14) Statement of Cash Flows

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

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

(15) Financial Liabilities

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

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

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

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

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

(ii) Other Financial Liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(15) Financial Liabilities (contd.)

(ii) Other Financial Liabilities (contd.)

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

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

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

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

Offsetting of financial instruments

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

(16) Financial Guarantee Contracts

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

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

(17) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(17) Provisions (contd.)

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

(i) Provision for On-line Repairs

A provision for on-line repairs is recognised when motor vehicles are being held on behalf of franchise holders prior to delivery. It is in respect of damages and defects identified during the course of assembly of motor vehicles. It is based on historical repairs data and a weighting of all possible outcomes against the associated probabilities.

(ii) Provision for Additional Employees Provident Fund ("EPF") Entitlement

A provision for additional EPF entitlement is recognised by a subsidiary company upon the employment of a staff. It is based on 4% of gross salary of employees with less than 5 years of employment service. The provision is payable when an employee with at least five years of employment service resigns or retires. The provision is reversed if an employee resigns before his 5 years of employment service.

(iii) Provision for Sludge Disposal

A provision for sludge disposal is recognised for the remaining sludge held as at the financial year end in the Group's factory. It is based on historical charges on disposal of sludge.

(iv) Provision for Liquidated and Ascertained Damages

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

(18) Leases

(i) As Lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(18) Leases (contd.)

(i) As Lessee (contd.)

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

(ii) As Lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.2(24)(vi).

(19) Taxes

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

(i) Current Tax

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

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

(ii) Deferred Tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(19) Taxes (contd.)

(ii) Deferred Tax (contd.)

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

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

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

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

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

(iii) Gaming and Sales Tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(19) Taxes (contd.)

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

Where the GST or VAT incurred in a purchase of assets or services is not recoverable from the respective taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

(20) Foreign Currencies

- (i) Functional and Presentation Currency

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

- (ii) Foreign Currency Transactions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(20) Foreign Currencies (contd.)

(iii) Foreign Operations

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

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

The principal closing rates used in translation are as follows:

| Foreign currency | Currency code | 2018 RM | 2017 RM |
|------------------------|---------------|------------|------------|
| 1 Great Britain Pound | GBP | 5.296 | 5.590 |
| 1 Singapore Dollar | SGD | 2.959 | 3.114 |
| 1 United States Dollar | USD | 4.039 | 4.295 |

(21) Borrowing Costs

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(22) Share Capital

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

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

(23) Contingencies

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

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

(24) Revenue Recognition

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

(i) Dividend Income

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

(ii) Interest Income

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

(iii) Gaming Activities

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

(iv) Gaming Equipment Sale

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

(v) Management Fee Income

Management fee income is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(24) Revenue Recognition (contd.)

(vi) Rental Income

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

(vii) Hotel Operations Income

Revenue from hotel operations is recognised upon rendering of services and when it is probable that the economic benefits associated with the transaction will flow to the Group.

(viii) Sale of Goods and Properties

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

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

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

(x) Sales of Food and Beverage

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

(xi) Assembly Charges

Revenue from assembly charges is recognised when work has been performed.

(xii) Other Income

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(25) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

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

(26) Segment Information

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.2 Summary of Significant Accounting Policies (contd.)

(27) Current and Non-current Classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(a) Critical Judgements Made in Applying Accounting Policies

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

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

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

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

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

(ii) Leases - As lessor

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

(iii) Impairment of available-for-sale investments

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

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

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

For the financial year ended 30 June 2018, the amount of impairment loss recognised for available-for-sale investments was RM35,616,000 (2017 : RM24,742,000) for the Group and RMNil (2017 : RM13,000) for the Company as disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

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

(iv) Deferred taxation on investment properties

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

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

In prior year, IRB issued Notice of Additional Assessments ("Forms JA") in accordance with Section 4(a) of the Income Tax Act 1967 on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014 to Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned subsidiary company of the Group. The IRB has regarded the disposal of the investment properties to be in the ordinary course of business of BTSSB as a property developer. The amount of additional taxes assessed amounted to RM156.48 million, inclusive of tax penalties amounted to RM48.56 million.

The total additional taxes amounting to RM156.48 million were accrued for as provision for taxes in dispute in the first financial quarter ended 30 September 2016 as the IRB did not accede to the application for deferment of payment of the additional taxes from BTSSB. The IRB then commenced civil proceedings against BTSSB for the disputed tax assessments.

On 3 April 2017, the High Court judge granted an order for stay of proceedings in favour of BTSSB until the full and final determination of BTSSB tax appeal case by the Special Commissioners of Income Taxes ("SCIT"). Consequently, upon grant of stay of proceedings, the management has decided to reverse the provisions made previously and the taxes in dispute with further tax penalties amounted to RM180.73 million, inclusive of further tax penalties amounted to RM72.81 million, is now disclosed as contingent liabilities.

At the date of issue of these financial statements, the litigations are still on-going. The details of the litigations are disclosed in Note 40 to the financial statements.

(vi) Financial guarantee contracts

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

For the financial year ended 30 June 2018, the Company has assessed the existing financial guarantee contracts and determined that the guarantees are more likely not to be called upon by the financiers. Financial impact of such guarantees is not material.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

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

(vii) Sale and buyback agreements

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

The Group has assessed that the Transaction is in the nature of a financing arrangement and merely a means by which DBKL provides finance to BTSSB, with the Properties as security and has accounted this Transaction in accordance with the requirements in MFRS 139 Financial Instruments: Recognition and Measurement.

(b) Key Sources of Estimation Uncertainty

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

(i) Impairment of goodwill

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

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

Details of goodwill are disclosed in Note 13.

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

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

(ii) Impairment of investments in subsidiary companies, associated company and joint ventures (contd.)

The annual impairment review resulted in the Company recognising an impairment loss in respect of its investment in subsidiary companies. Details of the impairment loss recognised are disclosed in Notes 9 and 34.

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

The carrying amounts of investments in associated company and joint ventures of the Group are disclosed in Notes 10 and 11 respectively whilst the carrying amounts of investments in subsidiary companies of the Company are disclosed in Note 9.

(iii) Depreciation of property, plant and equipment

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

(iv) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Details of impairment of loans and receivables are disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

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

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

(v) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 37.

(vi) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 26.

(vii) Fair values of investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

5 PROPERTY, PLANT AND EQUIPMENT

GROUP

| | Net carrying amount as of 1.7.2017 RM'000 | Additions RM'000 | Acquisition of a subsidiary company RM'000 | Disposal/ Write off RM'000 | Depre- ciation RM'000 | Net carrying amount as of 30.6.2018 RM'000 |
|--|--|---------------------|---|----------------------------------|-----------------------------|---|
| As of 30 June 2018 | | | | | | |
| Freehold building | 146,818 | - | - | - | (6,276) | 140,542 |
| Long term leasehold land and buildings | 103,414 | - | - | - | (3,437) | 99,977 |
| Short term leasehold land and buildings | 32,552 | - | - | - | (483) | 32,069 |
| Plant, machinery and equipment | 4,706 | 3 | - | - | (851) | 3,858 |
| Computer equipment | 3,989 | 176 | - | (1) | (1,376) | 2,788 |
| Renovation | 3,415 | 1,493 | - | - | (1,318) | 3,590 |
| Furniture, fittings and office equipment | 6,270 | 1,005 | - | (9) | (1,142) | 6,124 |
| First aid and theme park equipment | 517 | 61 | - | - | (64) | 514 |
| Motor vehicles | 1,344 | 145 | - | (13) | (119) | 1,357 |
| Capital work-in-progress | 452 | 368 | - | - | - | 820 |
| Others | 180 | 3 | - | - | (46) | 137 |
| | 303,657 | 3,254 | - | (23) | (15,112) | 291,776 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

| GROUP | Net carrying amount as of | | Acquisition of a subsidiary company | Disposal/Write off | Depre- ciation | Net carrying amount as of |
|--|---------------------------|--------------------|-------------------------------------|--------------------|----------------|---------------------------|
| | 1.7.2016 | As of 30 June 2017 | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Freehold building | 150,925 | - | - | - | (4,107) | 146,818 |
| Long term leasehold land and buildings | 106,852 | - | - | - | (3,438) | 103,414 |
| Short term leasehold land and buildings | 3,725 | - | 29,000 | - | (173) | 32,552 |
| Plant, machinery and equipment | 5,521 | 8 | 22 | - | (845) | 4,706 |
| Computer equipment | 5,217 | 129 | 27 | - | (1,384) | 3,989 |
| Renovation | 4,150 | 319 | - | - | (1,054) | 3,415 |
| Furniture, fittings and office equipment | 6,152 | 1,243 | - | (3) | (1,122) | 6,270 |
| First aid and theme park equipment | 52 | 506 | - | - | (41) | 517 |
| Motor vehicles | 1,349 | 494 | - | (11) | (488) | 1,344 |
| Capital work-in-progress | 1,998 | 768 | - | (2,314) | - | 452 |
| Others | 209 | 16 | - | - | (45) | 180 |
| | 286,150 | 3,483 | 29,049 | (2,328) | (12,697) | 303,657 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP

| As of 30 June 2018 | Cost RM'000 | Accumulated depreciation RM'000 | Net carrying amount RM'000 |
|--|------------------------|--|---|
| Freehold building | 195,485 | 54,943 | 140,542 |
| Long term leasehold land and buildings | 118,310 | 18,333 | 99,977 |
| Short term leasehold land and buildings | 57,321 | 25,252 | 32,069 |
| Plant, machinery and equipment | 72,221 | 68,363 | 3,858 |
| Computer equipment | 16,359 | 13,571 | 2,788 |
| Renovation | 14,982 | 11,392 | 3,590 |
| Furniture, fittings and office equipment | 15,398 | 9,274 | 6,124 |
| First aid and theme park equipment | 39,157 | 38,643 | 514 |
| Cinema fixtures, fittings and equipment | 500 | 500 | - |
| Motor vehicles | 4,564 | 3,207 | 1,357 |
| Capital work-in-progress | 820 | - | 820 |
| Others | 908 | 771 | 137 |
| | 536,025 | 244,249 | 291,776 |

As of 30 June 2017

| | | | |
|--|----------------|----------------|----------------|
| Freehold building | 195,485 | 48,667 | 146,818 |
| Long term leasehold land and buildings | 118,310 | 14,896 | 103,414 |
| Short term leasehold land and buildings | 57,321 | 24,769 | 32,552 |
| Plant, machinery and equipment | 72,218 | 67,512 | 4,706 |
| Computer equipment | 16,184 | 12,195 | 3,989 |
| Renovation | 13,489 | 10,074 | 3,415 |
| Furniture, fittings and office equipment | 14,402 | 8,132 | 6,270 |
| First aid and theme park equipment | 39,096 | 38,579 | 517 |
| Cinema fixtures, fittings and equipment | 500 | 500 | - |
| Motor vehicles | 4,667 | 3,323 | 1,344 |
| Capital work-in-progress | 452 | - | 452 |
| Others | 905 | 725 | 180 |
| | 533,029 | 229,372 | 303,657 |

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

| | Group | |
|--|------------------------|------------------------|
| | 2018 RM'000 | 2017 RM'000 |
| Computer equipment | 65 | 46 |
| Renovation | 648 | 686 |
| Motor vehicles | 400 | 518 |
| Furniture, fittings and office equipment | 948 | 739 |
| | 2,061 | 1,989 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

| | Group | |
|--|------------------------|------------------------|
| | 2018 RM'000 | 2017 RM'000 |
| Freehold building | 4,370 | 4,481 |
| Computer equipment | 115 | 97 |
| Renovation | 14 | 69 |
| Furniture, fittings and office equipment | 677 | 276 |
| Motor vehicles | 775 | 721 |
| | 5,951 | 5,644 |

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

| | Group | |
|--|------------------------|------------------------|
| | 2018 RM'000 | 2017 RM'000 |
| At cost: | | |
| Plant, machinery and equipment | 33,381 | 33,381 |
| Furniture, fittings and office equipment | 5,789 | 4,589 |
| Computer equipment | 3,704 | 3,525 |
| Renovation | 8,346 | 7,535 |
| First aid and theme park equipment | 38,435 | 38,428 |
| Motor vehicles | 2,206 | 1,986 |
| Cinema fixtures, fittings and equipment | 500 | 500 |
| Others | 449 | 449 |
| | 92,810 | 90,393 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

COMPANY

| | Net carrying amount as of 1.7.2017/ 1.7.2016 RM'000 | Additions RM'000 | Depre- ciation RM'000 | Net carrying amount as of 30.6.2018 / 30.6.2017 RM'000 |
|---------------------------|--|---------------------|-----------------------------|---|
| As of 30 June 2018 | | | | |
| Computer equipment | 12 | 14 | (5) | 21 |
| Motor vehicle | 71 | - | (28) | 43 |
| Handphone | - | 4 | (1) | 3 |
| | <u>83</u> | <u>18</u> | <u>(34)</u> | <u>67</u> |
| As of 30 June 2017 | | | | |
| Computer equipment | 14 | 4 | (6) | 12 |
| Motor vehicle | 100 | - | (29) | 71 |
| | <u>114</u> | <u>4</u> | <u>(35)</u> | <u>83</u> |

| | Cost RM'000 | Accumulated depreciation RM'000 | Net carrying amount RM'000 |
|---------------------------|----------------|---------------------------------------|----------------------------------|
| As of 30 June 2018 | | | |
| Computer equipment | 87 | 66 | 21 |
| Motor vehicle | 142 | 99 | 43 |
| Handphone | 4 | 1 | 3 |
| | <u>233</u> | <u>166</u> | <u>67</u> |
| As of 30 June 2017 | | | |
| Computer equipment | 74 | 62 | 12 |
| Motor vehicle | 142 | 71 | 71 |
| | <u>216</u> | <u>133</u> | <u>83</u> |

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

| | Company | |
|---------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Motor vehicle | <u>43</u> | <u>71</u> |

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

| | Company | |
|--------------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| At cost: | | |
| Computer equipment | <u>54</u> | <u>48</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

6 INVESTMENT PROPERTIES

| | Group | |
|---------------------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| At fair value: | | |
| As of 1 July 2017/2016 | 2,508,166 | 2,465,298 |
| Fair value changes | 15,697 | 33,132 |
| Additions during the year | 119 | 1,404 |
| Disposals during the year | (9,178) | (11) |
| Exchange differences | (13,765) | 8,343 |
| As of 30 June 2018/2017 | 2,501,039 | 2,508,166 |

In 2016, BTSSB has entered into Sale and Purchase Agreements (“SPAs”) with an independent third party, Datuk Bandar Kuala Lumpur (“DBKL”) to dispose of two parcels of commercial premise (“Properties”) with carrying amount of RM82,650,000 for a total cash consideration of RM150.0 million. The said transaction is regarded as a financing arrangement as disclosed in Note 25(a)(ii).

Investment properties amounting to RM2,161,633,000 (2017 : RM2,168,859,000) have been pledged to financial institutions for credit facilities as referred to in Notes 22 and 23.

Included in the investment properties are RM477,446,000 (2017 : RM475,872,000) representing investment properties held under lease terms.

The fair values of the Group's investment properties at 30 June 2018 have been arrived at on the basis of a valuation carried out by independent valuers which have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined primarily based on Investment, Discounted Cash Flow, Comparison and Cost Methods. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair value hierarchy disclosures for investment properties have been provided in Note 44.

7 INVENTORIES - LAND HELD FOR PROPERTY DEVELOPMENT

| | Group | |
|--|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| As of 1 July 2017/2016: | | |
| Freehold land cost | 99,197 | 97,772 |
| Additions during the year: | | |
| Development costs | 3,386 | 1,425 |
| Land transferred to non-current asset held for sale: | | |
| Freehold land | (27,104) | - |
| As of 30 June 2018/2017 | 75,479 | 99,197 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

8 PREPAID LEASE PAYMENTS

| | Group | |
|--|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Cost | | |
| As of 1 July 2017/2016: | 8,510 | - |
| Arising from acquisition of a subsidiary company | - | 8,510 |
| As of 30 June 2018/2017 | <u>8,510</u> | <u>8,510</u> |
| Accumulated amortisation | | |
| As of 1 July 2017/2016: | 3,219 | - |
| Arising from acquisition of a subsidiary company | - | 3,210 |
| Amortisation (Note 36) | 408 | 9 |
| As of 30 June 2018/2017 | <u>3,627</u> | <u>3,219</u> |
| Net carrying amount | | |
| As of 30 June 2018/2017 | <u>4,883</u> | <u>5,291</u> |

The leasehold land of the Group has an unexpired lease period of less than 50 years.

9 SUBSIDIARY COMPANIES

| | Company | |
|--|------------------|------------------|
| | 2018 RM'000 | 2017 RM'000 |
| Unquoted shares at cost | 1,518,439 | 1,425,283 |
| Less: Accumulated impairment (Note 34) | (235,992) | (139,012) |
| | <u>1,282,447</u> | <u>1,286,271</u> |

The Group's equity interest in the subsidiary companies, details of their respective principal activities and countries of incorporation are shown in Note 49.

As of 30 June 2018, the Company conducted an impairment review of the investments in certain subsidiary companies, principally based on the assumptions and calculations detailed in Note 13 and the Company's share of net assets in these subsidiary companies, which represents the directors' estimation of fair value less costs to sell of these subsidiary companies.

The review gave rise to recognition of an impairment loss of investment in subsidiary companies of RM96,980,000 (2017 : RM48,092,000) as disclosed in Note 34.

(a) The changes to the composition of the Group for the financial year ended 30 June 2018 are as follows:

- (i) the incorporation of Berjaya Consulting Services Sdn Bhd ("BCSSB") which is a wholly-owned subsidiary of the Company. BCSSB is currently dormant and the intended principal activity is consulting services; and
- (ii) the incorporation of Berjaya Assets Alliance Sdn Bhd ("BAASB") which is a wholly-owned subsidiary of the Company. The principal activity of BAASB is investment holding.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

9 SUBSIDIARY COMPANIES (CONTD.)

(b) Subsidiary companies with material non-controlling interests

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

| | Equity interest held by non-controlling interests | | Profit/(Loss) allocated to non-controlling interests | | Accumulated non-controlling interests | |
|---|---|-----------|--|----------------|---------------------------------------|----------------|
| | 2018 % | 2017 % | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Berjaya UK Investment and Development Ltd ("BIDL") | 30 | 30 | 3,050 | (1,448) | 10,475 | 7,947 |
| Natural Avenue Sdn Bhd ("NASB") | 35 | 35 | 1,985 | 2,018 | 4,594 | 4,499 |
| Individually immaterial subsidiary companies with non-controlling interests | | | (1,642) | (1,350) | (5,415) | (3,774) |
| | | | <u>3,393</u> | <u>(780)</u> | <u>9,654</u> | <u>8,672</u> |

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

Group

| As of 30 June 2018 | BIDL RM'000 | NASB RM'000 | Total RM'000 |
|-----------------------------|----------------|----------------|-----------------|
| Non-current assets | 254,206 | 7,302 | 261,508 |
| Current assets | 12,552 | 13,804 | 26,356 |
| Non-current liabilities | (110,927) | (631) | (111,558) |
| Current liabilities | (120,916) | (7,350) | (128,266) |
| Net assets | <u>34,915</u> | <u>13,125</u> | <u>48,040</u> |
| Equity attributable to: | | | |
| - owners of the parent | 34,915 | 13,125 | 48,040 |
| - non-controlling interests | - | - | - |
| Total equity | <u>34,915</u> | <u>13,125</u> | <u>48,040</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

9 SUBSIDIARY COMPANIES (CONTD.)

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

Group

| As of 30 June 2017 | BIDL RM'000 | NASB RM'000 | Total RM'000 |
|-----------------------------|----------------|----------------|-----------------|
| Non-current assets | 252,260 | 8,536 | 260,796 |
| Current assets | 8,850 | 12,226 | 21,076 |
| Non-current liabilities | (161,412) | (875) | (162,287) |
| Current liabilities | (73,207) | (7,032) | (80,239) |
| Net assets | <u>26,491</u> | <u>12,855</u> | <u>39,346</u> |
| Equity attributable to: | | | |
| - owners of the parent | 26,491 | 12,855 | 39,346 |
| - non-controlling interests | - | - | - |
| Total equity | <u>26,491</u> | <u>12,855</u> | <u>39,346</u> |

Group

Year ended 30 June 2018

| | | | |
|---|---------------|----------------|----------------|
| Revenue | <u>10,861</u> | <u>113,542</u> | <u>124,403</u> |
| Profit for the year | 10,166 | 5,670 | 15,836 |
| Other comprehensive income | (349) | - | (349) |
| Total comprehensive income | <u>9,817</u> | <u>5,670</u> | <u>15,487</u> |
| Profit for the year attributable to: | | | |
| - owners of the parent | 10,166 | 5,670 | 15,836 |
| - non-controlling interests | - | - | - |
| | <u>10,166</u> | <u>5,670</u> | <u>15,836</u> |
| Total comprehensive income attributable to: | | | |
| - owners of the parent | 9,817 | 5,670 | 15,487 |
| - non-controlling interests | - | - | - |
| | <u>9,817</u> | <u>5,670</u> | <u>15,487</u> |
| Net cash generated from/(used in): | | | |
| - operating activities | 8,311 | 6,537 | 14,848 |
| - investing activities | (395) | 186 | (209) |
| - financing activities | (3,564) | (5,400) | (8,964) |
| Net change in cash and cash equivalents | <u>4,352</u> | <u>1,323</u> | <u>5,675</u> |
| Dividends paid to non-controlling interests | - | (1,890) | (1,890) |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

9 SUBSIDIARY COMPANIES (CONTD.)

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

| Group | BIDL RM'000 | NASB RM'000 | Total RM'000 |
|---|----------------|----------------|-----------------|
| Year ended 30 June 2017 | | | |
| Revenue | 11,197 | 150,077 | 161,274 |
| (Loss)/Profit for the year | (4,825) | 5,766 | 941 |
| Other comprehensive income | (117) | - | (117) |
| Total comprehensive income | (4,942) | 5,766 | 824 |
| (Loss)/Profit for the year attributable to: | | | |
| - owners of the parent | (4,825) | 5,766 | 941 |
| - non-controlling interests | - | - | - |
| | (4,825) | 5,766 | 941 |
| Total comprehensive income attributable to: | | | |
| - owners of the parent | (4,942) | 5,766 | 824 |
| - non-controlling interests | - | - | - |
| | (4,942) | 5,766 | 824 |
| Net cash generated from/(used in): | | | |
| - operating activities | 7,875 | (2,875) | 5,000 |
| - investing activities | (666) | 262 | (404) |
| - financing activities | (7,591) | - | (7,591) |
| Net change in cash and cash equivalents | (382) | (2,613) | (2,995) |
| Dividends paid to non-controlling interests | - | - | - |

10 ASSOCIATED COMPANIES

| | Group | |
|------------------------------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Unquoted shares at cost | 1,583 | 530 |
| Share of post acquisition reserves | (856) | (30) |
| | 727 | 500 |
| Less : Intragroup adjustments | (500) | (500) |
| | 227 | - |

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

10 ASSOCIATED COMPANIES (CONTD.)

The details of the associated companies are set out in Note 49.

(a) The changes to the composition of the Group for the financial year ended 30 June 2018 are as follows:

- (i) the acquisition of 4,900 ordinary shares, representing 49% equity interest in Mantra Design Sdn Bhd ("MDSB") for RM1,023,000 by BAASB. The principal activity of MDSB is the provision of interior design and consulting services for land and building development plans; and
- (ii) the acquisition of 30,000 ordinary shares, representing 30% equity interest in Jubli Mentari Sdn Bhd ("JMSB") for RM30,000 by BAASB. JMSB has not commenced its operation and its intended principal activity is investment holding.

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

| Group Megaquest Sdn Bhd As of 30 June 2018/2017 | 2018 RM'000 | 2017 RM'000 |
|---|------------------------|------------------------|
| Non-current assets | 29 | 32 |
| Current assets | 1,718 | 1,686 |
| Non-current liabilities | - | - |
| Current liabilities | (8) | (7) |
| Net assets | <u>1,739</u> | <u>1,711</u> |
| Net assets attributable to: | | |
| Owners of the associated company | 870 | 856 |
| Non-controlling interests of the associated company | 869 | 855 |
| | <u>1,739</u> | <u>1,711</u> |
| Year ended 30 June 2018/2017 | | |
| Revenue | <u>2</u> | <u>2</u> |
| Profit for the year | 28 | 8 |
| Other comprehensive income | - | - |
| Total comprehensive income | <u>28</u> | <u>8</u> |
| Profit for the year, representing total comprehensive income attributable to owners of the associated company | <u>28</u> | <u>8</u> |
| Dividends received from the associated company during the year | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

10 ASSOCIATED COMPANIES (CONTD.)

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

| Group | 2018 | 2017 |
|--|---------------|---------------|
| Megaquest Sdn Bhd | RM'000 | RM'000 |
| Attributable to the owners of associated company: | | |
| Net assets at 1 July 2017/2016 | 1,711 | 1,703 |
| Profit for the year | 28 | 8 |
| Net assets at 30 June 2018/2017 | <u>1,739</u> | <u>1,711</u> |
| Group's equity interest (%) | 50 | 50 |
| Interest in net assets of associated company | 870 | 856 |
| Less: Intragroup adjustments | (870) | (856) |
| Carrying value of Group's interest in the associated company | <u>-</u> | <u>-</u> |

Aggregate information of associated companies that are not individually material

| Group | 2018 | 2017 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| The Group's share of loss for the year, representing total comprehensive income | (826) | - |
| Aggregate carrying amount of the Group's interests in these associated companies | <u>227</u> | <u>-</u> |

11 JOINT VENTURES

| | Group | |
|---|---------------|---------------|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Unquoted investments, at cost: | | |
| Ordinary shares | 3,845 | 3,845 |
| Redeemable Preference Shares ("RPS") | - | 9,945 |
| Share of post acquisition reserves | 9,867 | (2,221) |
| Exchange differences | 4 | 154 |
| | <u>13,716</u> | <u>11,723</u> |
| Share application monies in respect of RPS issuance | - | 3,159 |
| | <u>13,716</u> | <u>14,882</u> |

In the prior financial year, Jernih Wiramas Sdn Bhd ("JWSB"), a wholly-owned subsidiary company of the Company held a total of 9,945 RPS of RM0.01 each at RM1,000 per RPS in TREC Holdings Sdn Bhd ("TREC"), a company incorporated in Malaysia with carrying amount of RM9,945,000. JWSB has fully redeemed all TREC's RPS during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

11 JOINT VENTURES (CONTD.)

Details of the joint ventures are as follows:

| Name of Joint Ventures | Paid-up Capital | Proportion of Ownership Interest Held by the Group | | Principal Activities |
|---------------------------------------|--|--|--------|---|
| | | 2018 % | 2017 % | |
| Berjaya - GSC Sdn Bhd ("BGSB") | RM5,000,000 | 50 | 50 | Cinema operations |
| Cardiff City (House of Sport) Limited | GBP500,000 (approximately RM2,480,000) | 50 | 50 | Development and running of a sports and leisure academy |
| TREC Holdings Sdn Bhd ("TREC") | RM350,000 | 30 | 30 | Letting of properties and maintenance |

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

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

| Group As of 30 June 2018 | TREC RM'000 | BGSB RM'000 | Total RM'000 |
|--|-------------|-------------|--------------|
| Non-current assets | 22,255 | 3,615 | 25,870 |
| Current assets | 37,483 | 4,517 | 42,000 |
| Non-current liabilities | (24,911) | (216) | (25,127) |
| Current liabilities | (9,388) | (1,863) | (11,251) |
| Net assets | 25,439 | 6,053 | 31,492 |
| The above amounts of assets and liabilities include the following: | | | |
| Cash and cash equivalents | 23,033 | 3,941 | 26,974 |
| Current financial liabilities (excluding trade and other payables and provision) | (164) | (141) | (305) |
| Non-current financial liabilities (excluding trade and other payables and provision) | (24,911) | - | (24,911) |
| As of 30 June 2017 | | | |
| Non-current assets | 51,649 | 4,730 | 56,379 |
| Current assets | 13,467 | 3,927 | 17,394 |
| Non-current liabilities | (25,004) | (202) | (25,206) |
| Current liabilities | (11,664) | (2,168) | (13,832) |
| Net assets | 28,448 | 6,287 | 34,735 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

11 JOINT VENTURES (CONTD.)

| Group | TREC | BGSB | Total |
|--|---------------|---------------|---------------|
| As of 30 June 2017 | RM'000 | RM'000 | RM'000 |
| The above amounts of assets and liabilities include the following: | | | |
| Cash and cash equivalents | 5,536 | 3,129 | 8,665 |
| Current financial liabilities (excluding trade and other payables and provision) | (4,166) | (191) | (4,357) |
| Non-current financial liabilities (excluding trade and other payables and provision) | (25,004) | - | (25,004) |

Year ended 30 June 2018

| | | | |
|--|---------|-------|---------|
| Revenue | 13,821 | 5,777 | 19,598 |
| Profit/(Loss) for the year, representing total comprehensive income for the year | 147,759 | (234) | 147,525 |
| The above profit/(loss) for the year includes the following: | | | |
| Depreciation and amortisation | 1,056 | 1,022 | 2,078 |
| Finance costs | 2,127 | - | 2,127 |
| Interest income | 358 | 99 | 457 |
| Dividends paid by the joint venture during the year | 108,000 | - | 108,000 |

| Group | TREC | BGSB | Total |
|---|---------------|---------------|---------------|
| Year ended 30 June 2017 | RM'000 | RM'000 | RM'000 |
| Revenue | 10,505 | 7,499 | 18,004 |
| Loss for the year, representing total comprehensive income for the year | (2,980) | (1,601) | (4,581) |
| The above loss for the year includes the following: | | | |
| Depreciation and amortisation | 1,369 | 1,314 | 2,683 |
| Finance costs | 1,918 | - | 1,918 |
| Interest income | 102 | 82 | 184 |
| Dividends paid by the joint venture during the year | - | - | - |

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

| Group | TREC | BGSB | Total |
|--|---------------|---------------|---------------|
| 2018 | RM'000 | RM'000 | RM'000 |
| Net assets at 1 July 2017 | 18,374 | 6,287 | 24,661 |
| Profit/(Loss) for the year, representing total comprehensive income for the year | 147,759 | (234) | 147,525 |
| Net assets at 30 June 2018 | 166,133 | 6,053 | 172,186 |
| Dividends paid | (108,000) | - | (108,000) |
| Redemption of RPS and share application monies | (33,149) | - | (33,149) |
| | 24,984 | 6,053 | 31,037 |
| Share application monies in respect of RPS issuance | 455 | - | 455 |
| | 25,439 | 6,053 | 31,492 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

11 JOINT VENTURES (CONTD.)

| Group 2018 | TREC RM'000 | BGSB RM'000 | Total RM'000 |
|--|----------------|----------------|-----------------|
| Group's equity interest (%) | 30 | 50 | - |
| Interests in joint ventures | 7,495 | 3,027 | 10,522 |
| Share of additional loss of prior year | (159) | - | (159) |
| Goodwill | 159 | - | 159 |
| Carrying value of Group's interest in the joint ventures | <u>7,495</u> | <u>3,027</u> | <u>10,522</u> |
| 2017 | | | |
| Net assets at 1 July 2016 | 21,354 | 7,888 | 29,242 |
| Loss for the year, representing total comprehensive income for the year | (2,980) | (1,601) | (4,581) |
| Net assets at 30 June 2017 | <u>18,374</u> | <u>6,287</u> | <u>24,661</u> |
| Share application monies in respect of RPS issuance | 10,074 | - | 10,074 |
| | <u>28,448</u> | <u>6,287</u> | <u>34,735</u> |
| Group's equity interest (%) | 30 | 50 | - |
| Interests in joint ventures | 5,512 | 3,144 | 8,656 |
| Share application monies in respect of RPS issuance | 3,159 | - | 3,159 |
| Goodwill | 159 | - | 159 |
| Carrying value of Group's interest in the joint ventures | <u>8,830</u> | <u>3,144</u> | <u>11,974</u> |

Aggregate information of a joint venture that is not individually material

| Group | 2018 RM'000 | 2017 RM'000 |
|--|----------------|----------------|
| The Group's share of profit/(loss) for the year, representing total comprehensive income for the year | 277 | (36) |
| Aggregate carrying amount of the Group's interest in the joint venture | <u>3,194</u> | <u>2,908</u> |

12 OTHER INVESTMENTS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Quoted shares in Malaysia at fair value | 253,089 | 172,997 | 450 | 521 |
| Quoted loan stocks in Malaysia at fair value | 9,025 | 8,756 | - | - |
| Quoted warrants in Malaysia at fair value | 1,206 | 1,149 | 21 | 21 |
| Unquoted shares outside Malaysia at cost | 2,396 | - | - | - |
| Unquoted loan stocks outside Malaysia at cost | 3,731 | 3,731 | - | - |
| Malaysian Government Securities at cost | 1,006 | 1,008 | - | - |
| Total investments | <u>270,453</u> | <u>187,641</u> | <u>471</u> | <u>542</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

12 OTHER INVESTMENTS (CONTD.)

| | Group | | Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Market value of: | | | | |
| Malaysian Government Securities | 1,015 | 1,024 | - | - |

As of 30 June 2018, the investments in quoted shares, loan stocks and warrants included certain investments in affiliated companies, Berjaya Corporation Berhad ("BCorp"), Berjaya Food Berhad, Berjaya Land Berhad, Berjaya Media Berhad, Berjaya Sports Toto Berhad and 7-Eleven Malaysia Holdings Berhad with carrying amounts of RM77,857,000 (2017 : RM58,284,000), RM16,830,000 (2017 : RM6,794,000), RM41,030,000 (2017 : RM68,153,000), RM578,000 (2017 : RM834,000), RM21,790,000 (2017 : RM3,780,000) and RM87,714,000 (2017 : RM44,010,000) respectively.

Certain quoted investments of the Group with fair value of RM195,440,000 (2017 : RM129,585,000) have been pledged to financial institutions for credit facilities granted to certain of its subsidiary companies.

As of 30 June 2018, quoted loan stocks in Malaysia designated as available-for-sale equity investments comprise investments in 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 issued by BCorp ("5% BCorp ICULS"). The 5% BCorp ICULS at nominal value of RM1.00 each are constituted by a Trust Deed dated 9 April 2012 between BCorp and the Trustee for the holders of 5% BCorp ICULS.

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

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

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

- The 3% RCULS was convertible into ordinary shares of Cardiff during the period from 30 November 2010 to the maturity date on 29 November 2016 at the rate of one GBP1.00 of 3% RCULS for one GBP1.00 ordinary share of Cardiff. The conversion tenure is now extended to 29 January 2023 at the conversion rate of GBP1.00 of 3% RCULS for one GBP1.00 ordinary share of Cardiff;

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

12 OTHER INVESTMENTS (CONTD.)

- (b) Upon conversion of the 3% RCULS into new Cardiff ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of Cardiff in issue at the time of conversion except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which 3% RCULS are converted or any interim dividend declared prior to the date of conversion of 3% RCULS; and
- (c) The interest on 3% RCULS is payable semi-annually in arrears.

The Group and the Company also recognised an impairment amounting to RM35,616,000 and RMNil (2017 : RM24,742,000 and RM13,000) respectively in respect of certain quoted investments designated as available-for-sale financial assets due to significant decline of more than 20% in the fair values of these investments below their costs.

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

Further details on fair value hierarchy and classification of other investments are disclosed in Notes 44 and 45 respectively.

13 INTANGIBLE ASSETS

Group

| | Goodwill on consolidation RM'000 | Rights RM'000 | Franchise fees RM'000 | Total RM'000 |
|--|-------------------------------------|------------------|--------------------------|-----------------|
| Cost | | | | |
| As of 1 July 2016 | 199,955 | 28,243 | 823 | 229,021 |
| Addition during the year | 1,301 | - | - | 1,301 |
| As of 30 June 2017 | <u>201,256</u> | <u>28,243</u> | <u>823</u> | <u>230,322</u> |
| As of 1 July 2017 and 30 June 2018 | <u>201,256</u> | <u>28,243</u> | <u>823</u> | <u>230,322</u> |
| Accumulated amortisation and impairment | | | | |
| As of 1 July 2016 | 118,348 | 13,978 | 55 | 132,381 |
| Impairment (Note 34) | 38,865 | - | - | 38,865 |
| Amortisation (Note 36) | - | 1,101 | 164 | 1,265 |
| As of 30 June 2017 | <u>157,213</u> | <u>15,079</u> | <u>219</u> | <u>172,511</u> |
| Impairment (Note 34) | 20,521 | - | - | 20,521 |
| Amortisation (Note 36) | - | 1,101 | 165 | 1,266 |
| As of 30 June 2018 | <u>177,734</u> | <u>16,180</u> | <u>384</u> | <u>194,298</u> |
| Net carrying amount | | | | |
| As of 30 June 2018 | <u>23,522</u> | <u>12,063</u> | <u>439</u> | <u>36,024</u> |
| As of 30 June 2017 | <u>44,043</u> | <u>13,164</u> | <u>604</u> | <u>57,811</u> |

Rights

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

13 INTANGIBLE ASSETS (CONTD.)

Franchise fees

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

Impairment test for goodwill on consolidation

Goodwill on consolidation of RM22,194,000 (2017 : RM42,715,000), RM1,301,000 (2017 : RM1,301,000), and RM27,000 (2017 : RM27,000) have been allocated to the Group's CGUs identified to the gaming and related activities, the vehicle assembly and the property investment business segments respectively.

During the financial year, the Group recognised an impairment in respect of goodwill allocated to the Group's CGU identified to the gaming and related activities business segment amounting to RM20,521,000 (2017 : RM38,865,000) as the carrying value of the CGU was assessed to be in excess of its VIU. The recoverable amount of this intangible asset is the Group's share of VIU which amounted to RM30,898,000 (2017 : RM51,071,000) as of the reporting date.

Key assumptions used in value-in-use calculations

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

- (a) Budgeted gross margins
The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements, market and economic conditions and internal resource efficiency, where applicable.
- (b) Growth rate
The long term annual growth rate of 2.20% (2017 : 2.56%) used is consistent with the average long term annual growth rate for the relevant industries.
- (c) Discount rate
The pre-tax discount rate used for identified CGUs of 16.90% (2017 : 13.00%) is on a basis that reflect specific risks relating to the CGU.

Sensitivity to changes in assumptions

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

Should the long term annual growth rate decreases by 1%, the carrying amount of the goodwill of the gaming and related activities business segment is expected to be further impaired by RM881,000.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

14 INVENTORIES

| | Group | |
|--------------------------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| At cost : | | |
| Finished goods and consumables | 746 | 714 |
| Ticket inventories | 159 | 314 |
| Gaming equipment | 438 | 422 |
| Work-in-progress | 1 | 226 |
| Spare parts and supplies | 73 | 366 |
| | 1,417 | 2,042 |
| At net realisable value : | | |
| Properties held for sale | 194,906 | 194,906 |
| | 196,323 | 196,948 |

The cost of inventories recognised as an expense during the year in the Group amounted to RM19,790,000 (2017 : RM18,147,000).

Properties held for sale are pledged to financial institutions for credit facilities as referred to in Notes 22 and 23.

15 RECEIVABLES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| <u>CURRENT</u> | | | | |
| Trade receivables | | | | |
| Third parties (Note a) | 22,079 | 28,376 | - | - |
| Less: Allowance for impairment | (12,016) | (14,762) | - | - |
| Trade receivables, net | 10,063 | 13,614 | - | - |
| Other receivables (Note b) | | | | |
| Sundry receivables | 11,972 | 8,318 | 42 | 5 |
| Deposits | 2,796 | 3,484 | - | 1 |
| Amounts due from: | | | | |
| - affiliated companies | 3,677 | 2,881 | - | - |
| - a joint venture | - | 1,756 | - | - |
| - subsidiary companies | - | - | 143,805 | 218,820 |
| GST recoverable | 339 | 43 | 74 | 41 |
| | 18,784 | 16,482 | 143,921 | 218,867 |
| Other current assets (Note c) | | | | |
| Deposits for acquisition of assets | 19,700 | 560 | - | - |
| Deposit for acquisition of investments | 12,400 | 5,400 | 2,000 | - |
| Prepayments | 5,032 | 4,972 | 124 | 136 |
| | 37,132 | 10,932 | 2,124 | 136 |
| Total current receivables | 65,979 | 41,028 | 146,045 | 219,003 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

15 RECEIVABLES (CONTD.)

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| <u>NON-CURRENT</u> | | | | |
| Other receivables (Note b) | | | | |
| Amounts due from subsidiary companies | - | - | 195,164 | 128,217 |
| Total non-current receivables | - | - | 195,164 | 128,217 |
| Total receivables | 65,979 | 41,028 | 341,209 | 347,220 |

(a) Trade receivables

The Group's trade receivables are non-interest bearing with credit terms ranging from 1 to 30 (2017 : 1 to 30) days. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

| | Group | |
|--|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Neither past due nor impaired | 2,267 | 1,326 |
| 1 to 30 days past due not impaired | 3,905 | 6,821 |
| 31 to 60 days past due not impaired | 1,218 | 1,891 |
| 61 to 90 days past due not impaired | 436 | 778 |
| 91 to 120 days past due not impaired | 65 | 676 |
| More than 120 days past due not impaired | 2,172 | 2,122 |
| Impaired | 7,796 | 12,288 |
| | 12,016 | 14,762 |
| | 22,079 | 28,376 |

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,796,000 (2017 : RM12,288,000) that are past due at the reporting date but not impaired as there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

15 RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

Receivables that are impaired

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

| | Group | |
|--|---------------|---------------|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Trade receivables - nominal amounts | 12,016 | 14,762 |
| Less: Allowance for impairment | (12,016) | (14,762) |
| | <u>-</u> | <u>-</u> |
| Movement in allowance account: | | |
| As of 1 July 2017/2016 | 14,762 | 12,325 |
| Arising from acquisition of a subsidiary company | - | 514 |
| Charge for the year (Note 36) | 3,487 | 4,330 |
| Reversal of impairment (Note 36) | (2,398) | (534) |
| Written off | (3,835) | (1,873) |
| As of 30 June 2018/2017 | <u>12,016</u> | <u>14,762</u> |

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

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

(b) Other receivables

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

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

(c) Other current assets

Included in the deposits for acquisition of assets is an amount of RM19,140,000 (2017 : RMNil) being part payment of freehold land conversion premium for certain land of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

16 CASH AND BANK BALANCES

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Deposits with licensed banks | 66,186 | 58,436 | 6,792 | 10,119 |
| Cash on hand and at banks | 33,064 | 30,776 | 458 | 35 |
| | <u>99,250</u> | <u>89,212</u> | <u>7,250</u> | <u>10,154</u> |

Included in deposits with licensed banks and cash on hand and at banks of the Group are:

- deposits pledged to bank for bank guarantee facilities granted to certain subsidiary companies of the Group amounting to RM222,000 (2017 : RM216,000); and
- monies held in debt service reserve accounts amounting to RM56,094,000 (2017 : RM47,388,000) for the Group.

which are restricted in usage and do not form part of cash and cash equivalents.

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

| | Range of interest rates | | Range of maturities | |
|----------------|-------------------------|--------------------|---------------------|----------------|
| | 2018 % | 2017 % | 2018 Days | 2017 Days |
| Licensed banks | <u>0.62 - 3.15</u> | <u>0.62 - 3.35</u> | <u>1 - 365</u> | <u>1 - 365</u> |

17 NON CURRENT ASSET CLASSIFIED AS HELD FOR SALE

During the financial year, a subsidiary company had entered into a sales and purchase agreement to dispose of several parcels of freehold land for RM26,118,000. The disposal is pending completion.

18 SHARE CAPITAL

| | Group and Company Ordinary shares | | | |
|--|--------------------------------------|------------------|------------------|------------------|
| | No. of shares | | Amount | |
| | 2018 '000 | 2017 '000 | 2018 RM'000 | 2017 RM'000 |
| Issued and fully paid: | | | | |
| As of 1 July 2017/2016 | 1,188,292 | 1,113,042 | 1,447,277 | 1,113,042 |
| Issuance of ordinary shares pursuant to exercise of Warrants 2008/2018 | 90,843 | 75,250 | 90,843 | 75,250 |
| Transfer of share premium in accordance with Companies Act 2016 | - | - | - | 258,985 |
| Issuance of ordinary shares pursuant to the Share Split | 1,279,135 | - | - | - |
| As of 30 June 2018/2017 | <u>2,558,270</u> | <u>1,188,292</u> | <u>1,538,120</u> | <u>1,447,277</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

18 SHARE CAPITAL (CONTD.)

Ordinary shares

On 23 November 2017, the Company has implemented a Share Split exercise whereby every one (1) existing ordinary shares was subdivided into two (2) ordinary shares ("Share Split"). Pursuant to the Share Split, the existing 1,279,135,359 ordinary shares were subdivided into 2,558,270,118 ordinary shares.

The subdivided ordinary shares of the Company issued shall rank pari passu in all respects with each other.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Warrants

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

During the financial year, 90,843,800 (2017: 75,250,000) of Warrants 2008/2018 have been exercised to subscribe for 90,843,800 (2017: 75,250,000) new ordinary shares at the exercise price of RM1.00 per share. An additional 249,888,548 Warrants 2008/2018 were issued resulting from the Share Split.

The Warrants 2008/2018 were constituted by a Deed Poll dated 12 February 2008 and the main features of the Warrants 2008/2018 are as follows:

- (a) Each warrant entitles the holder to subscribe for one new ordinary share in the Company at a price of RM1.00 per share;
- (b) The Warrants 2008/2018 may be exercised at any time up to 16 March 2018; and
- (c) The shares arising from the exercise of Warrants 2008/2018 shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

The number of outstanding Warrants 2008/2018 at 30 June 2017 was 340,732,348. During the current financial year the Warrants 2008/2018 expired on 16 March 2018.

On 13 June 2018, the Company has issued 1,279,135,359 new free Warrants 2018/2023 pursuant to the bonus issue of Warrants 2018/2023 on the basis of one (1) Warrant 2018/2023 for every two (2) existing ordinary shares held.

The salient terms of Warrants 2018/2023 are:-

- (a) Each Warrant 2018/2023 entitles the holder to subscribe for one new ordinary share of the Company at a price of RM0.35 per new ordinary share.
- (b) The Warrants 2018/2023 may be exercised at any time up to 13 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

18 SHARE CAPITAL (CONTD.)

Warrants (contd.)

- (c) The shares arising from the exercise of Warrants 2018/2023 shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

19 AVAILABLE-FOR-SALE RESERVE

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| As of 1 July 2017/2016 | 15,949 | 30,481 | 157 | 173 |
| Changes in fair values of available-for-sale financial assets during the year | (9,308) | (13,331) | (69) | (16) |
| Transfer to statement of profit or loss upon disposal | - | (1,201) | - | - |
| As of 30 June 2018/2017 | <u>6,641</u> | <u>15,949</u> | <u>88</u> | <u>157</u> |

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

20 FOREIGN CURRENCY TRANSLATION RESERVE

| | Group | |
|-------------------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| As of 1 July 2017/2016 | 10,068 | 7,558 |
| Current year movement | (3,483) | 2,510 |
| As of 30 June 2018/2017 | <u>6,585</u> | <u>10,068</u> |

21 RETAINED EARNINGS/(ACCUMULATED LOSSES)

| | Group | | Company | |
|---|----------------|----------------|-----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| As of 1 July 2017/2016 | 769,361 | 780,798 | 43,404 | 99,974 |
| Total comprehensive income for the year | (32,961) | (11,437) | (94,152) | (56,570) |
| As of 30 June 2018/2017 | <u>736,400</u> | <u>769,361</u> | <u>(50,748)</u> | <u>43,404</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

22 BANK BORROWINGS

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Short term borrowings | | | | |
| Secured: | | | | |
| Term loans | 99,193 | 47,778 | - | - |
| Revolving credit facility | 5,000 | 5,000 | - | - |
| Margin account | 58,108 | 11,257 | - | - |
| Bank overdraft | 3,405 | - | - | - |
| | <u>165,706</u> | <u>64,035</u> | <u>-</u> | <u>-</u> |
| Long term borrowings | | | | |
| Secured: | | | | |
| Term loans | <u>534,210</u> | <u>612,924</u> | <u>34,924</u> | <u>-</u> |
| Total borrowings | | | | |
| Secured: | | | | |
| Term loans | 633,403 | 660,702 | 34,924 | - |
| Revolving credit facility | 5,000 | 5,000 | - | - |
| Margin account | 58,108 | 11,257 | - | - |
| Bank overdraft | 3,405 | - | - | - |
| | <u>699,916</u> | <u>676,959</u> | <u>34,924</u> | <u>-</u> |

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Maturity of borrowings | | | | |
| Not later than 1 year | 165,706 | 64,035 | - | - |
| Later than 1 year and not later than 2 years | 91,643 | 107,615 | - | - |
| Later than 2 years and not later than 5 years | 404,735 | 429,687 | 34,924 | - |
| More than 5 years | 37,832 | 75,622 | - | - |
| | <u>699,916</u> | <u>676,959</u> | <u>34,924</u> | <u>-</u> |

The interest rates per annum for borrowings are as follows:

| | Group | | Company | |
|---------------------------|--------------|--------------|--------------|-----------|
| | 2018 % | 2017 % | 2018 % | 2017 % |
| Term loans | 5.14 to 8.15 | 5.14 to 8.15 | 5.55 to 5.95 | - |
| Revolving credit facility | 6.25 | 6.00 | - | - |
| Margin account | 7.50 to 9.10 | 7.50 to 7.67 | - | - |
| Bank overdraft | 8.65 to 8.90 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

22 BANK BORROWINGS (CONTD.)

The borrowings are secured by the following:

- investment properties and debenture over assets of certain subsidiary companies of the Group;
- the assignment of sales proceeds, future rental and insurance policies by Berjaya Times Square Sdn Bhd ("BTSSB") for the entire development project;
- a guarantee from a director of BTSSB and major shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun;
- certain quoted investments of the Group;
- legal charge over BTSSB's Debt Service Reserve Account and Designated Rental Collection Account; and
- corporate guarantee by the Company.

23 SENIOR MEDIUM TERM NOTES/SENIOR BONDS

On 1 June 2018, a subsidiary company issued a series of serial fixed rate medium term notes amounting to RM160.0 million nominal value comprising the following series ("Senior MTNs"):

| Series | Maturity | Interest rate p.a. (%) | Group | | | | |
|---|-------------|------------------------|----------------|-------------|-------------------|----------------|----------|
| | | | Nominal value | | At amortised cost | | |
| | | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 | |
| 1 | 1 June 2021 | 5.30 | 20,000 | - | 19,730 | - | |
| 2 | 1 June 2022 | 5.60 | 20,000 | - | 19,727 | - | |
| 3 | 31 May 2024 | 5.90 | 40,000 | - | 39,451 | - | |
| 4 | 31 May 2025 | 6.00 | 80,000 | - | 78,900 | - | |
| | | | <u>160,000</u> | <u>-</u> | <u>157,808</u> | <u>-</u> | |
| Maturity of Senior MTNs | | | | | | | |
| Not later than 1 year | | | | | | - | - |
| Later than 1 year and not later than 2 years | | | | | | - | - |
| Later than 2 years and not later than 5 years | | | | | | 157,808 | - |
| | | | | | | <u>157,808</u> | <u>-</u> |

The Senior MTNs are secured by:

- 5 levels of basement car park and 13 levels of annexed car park located at Berjaya Times Square, No.1, Jalan Imbi, Kuala Lumpur;
- legal assignment of the put option agreement entered into by the subsidiary company and BTSSB, whereby the subsidiary has the right to sell back the car park to BTSSB at the outstanding amount of the Senior MTNs upon its maturity or on the occurrence of an event of default;
- corporate guarantees by the Company and BTSSB;
- a first fixed legal charge over a unit of bungalow granted by a subsidiary company, TS Service Suites Sdn Bhd ("TSSSB") located at No. 60A, Jalan Bukit Raja, Off Jalan Klang Lama, Kuala Lumpur;
- a first fixed legal charge over a retail lot granted by BTSSB located at Lot 06-16, Berjaya Times Square, No.1, Jalan Imbi, Kuala Lumpur;
- deeds of assignment of certain rights, interest and benefits under the insurance related to BTSSB and TSSSB; and
- certain quoted investments of BTSSB.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

23 SENIOR MEDIUM TERM NOTES/SENIOR BONDS (CONTD.)

The proceeds from the issuance of the Senior MTNs were utilised to redeem Senior Bonds amounting to RM160.0 million nominal value. Details of the Senior Bonds were as follows:-

| Series | Maturity | Interest rate p.a. (%) | Group | | | |
|---------------------------------|---|---------------------------|----------------|----------------|-------------------|----------------|
| | | | Nominal value | | At amortised cost | |
| | | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| 1 | 31 May 2019 | 5.75 - 6.00 | - | 40,000 | - | 39,838 |
| 2 | 1 June 2018 | 5.85 | - | 40,000 | - | 39,911 |
| 3 | 31 May 2019 | 6.00 | - | 80,000 | - | 79,676 |
| | | | - | 160,000 | - | 159,425 |
| Maturity of Senior Bonds | | | | | | |
| | Not later than 1 year | | | | - | 39,911 |
| | Later than 1 year and not later than 2 years | | | | - | 119,514 |
| | Later than 2 years and not later than 5 years | | | | - | - |
| | | | | | - | 159,425 |

The Senior Bonds are secured by:

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

24 HIRE PURCHASE LIABILITIES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Minimum lease payments: | | | | |
| Not later than 1 year | 782 | 628 | 28 | 27 |
| Later than 1 year and not later than 2 years | 669 | 628 | 14 | 27 |
| Later than 2 years and not later than 5 years | 559 | 840 | - | 14 |
| | 2,010 | 2,096 | 42 | 68 |
| Less: Future finance charges | (353) | (385) | (6) | (10) |
| Present value of hire purchase liabilities | 1,657 | 1,711 | 36 | 58 |
| Present value of hire purchase liabilities: | | | | |
| Not later than 1 year | 638 | 496 | 24 | 23 |
| Later than 1 year and not later than 2 years | 551 | 517 | 12 | 23 |
| Later than 2 years and not later than 5 years | 468 | 698 | - | 12 |
| | 1,657 | 1,711 | 36 | 58 |
| Analysed as: | | | | |
| Due within 12 months | 638 | 496 | 24 | 23 |
| Due after 12 months | 1,019 | 1,215 | 12 | 35 |
| | 1,657 | 1,711 | 36 | 58 |

The hire purchase liabilities bear interest from 3.50% to 5.35% (2017: 3.50% to 5.35%) per annum.

25 LONG TERM LIABILITIES

| | Group | |
|--|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Other long term liabilities (Note a) | 176,925 | 181,918 |
| Less: Current portion included in payables (Note 27) | (15,550) | (15,550) |
| | 161,375 | 166,368 |
| Rental deposits | 14,675 | 17,383 |
| Other deferred income (Note b) | 3,119 | 3,309 |
| | 179,169 | 187,060 |

(a) Other long term liabilities relates to:

- (i) the portion of purchase consideration for the acquisition of two parcels of properties which will be recognised as rental income from a tenant over a period of 10 years; and
- (ii) the sale and buyback agreements as disclosed in Note 4(a)(vii), which represent a financing arrangement that bears interest at the effective interest rate of 7.31% per annum.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

25 LONG TERM LIABILITIES (CONTD.)

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

26 DEFERRED TAX (ASSETS)/LIABILITIES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| As of 1 July 2017/2016 | 95,957 | 75,855 | 20 | 27 |
| Arising from acquisition of a subsidiary company | - | 7,021 | - | - |
| Recognised in the statement of profit or loss (Note 37) | 7,341 | 13,081 | (4) | (7) |
| As of 30 June 2018/2017 | <u>103,298</u> | <u>95,957</u> | <u>16</u> | <u>20</u> |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | (14,067) | (15,169) | - | - |
| Deferred tax liabilities | 117,365 | 111,126 | 16 | 20 |
| | <u>103,298</u> | <u>95,957</u> | <u>16</u> | <u>20</u> |

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

Deferred Tax Liabilities of the Group

| | Property, plant and equipment and investment properties | Accelerated capital allowances | Total |
|--|--|--------------------------------------|----------------|
| | RM'000 | RM'000 | RM'000 |
| As of 1 July 2017 | 64,225 | 75,505 | 139,730 |
| Recognised in the statement of profit or loss | 1,250 | - | 1,250 |
| | <u>65,475</u> | <u>75,505</u> | <u>140,980</u> |
| Less: Set-off of deferred tax assets | | | (23,615) |
| As of 30 June 2018 | | | <u>117,365</u> |
| As of 1 July 2016 | 55,766 | 75,522 | 131,288 |
| Arising from acquisition of a subsidiary company | 7,021 | - | 7,021 |
| Recognised in the statement of profit or loss | 1,438 | (17) | 1,421 |
| | <u>64,225</u> | <u>75,505</u> | <u>139,730</u> |
| Less: Set-off of deferred tax assets | | | (28,604) |
| As of 30 June 2017 | | | <u>111,126</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

26 DEFERRED TAX (ASSETS)/LIABILITIES (CONTD.)

Deferred Tax Assets of the Group

| | Tax losses and unabsorbed capital allowances RM'000 | Others RM'000 | Total RM'000 |
|---|--|------------------|-----------------|
| As of 1 July 2017 | (31,582) | (12,191) | (43,773) |
| Recognised in the statement of profit or loss | 3,916 | 2,175 | 6,091 |
| | <u>(27,666)</u> | <u>(10,016)</u> | <u>(37,682)</u> |
| Less: Set-off of deferred tax liabilities | | | 23,615 |
| As of 30 June 2018 | | | <u>(14,067)</u> |
| As of 1 July 2016 | (41,376) | (14,057) | (55,433) |
| Recognised in the statement of profit or loss | 9,794 | 1,866 | 11,660 |
| | <u>(31,582)</u> | <u>(12,191)</u> | <u>(43,773)</u> |
| Less: Set-off of deferred tax liabilities | | | 28,604 |
| As of 30 June 2017 | | | <u>(15,169)</u> |

Deferred Tax Liabilities of the Company

| | Property, plant and equipment RM'000 |
|---|--|
| As of 1 July 2017 | 20 |
| Recognised in the statement of profit or loss | (4) |
| As of 30 June 2018 | <u>16</u> |
| As of 1 July 2016 | 27 |
| Recognised in the statement of profit or loss | (7) |
| As of 30 June 2017 | <u>20</u> |

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

| | Group | |
|--|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Unused tax losses | 70,797 | 67,264 |
| Unabsorbed capital allowances | 43,056 | 41,688 |
| Other deductible temporary differences | 149,402 | 144,576 |
| | <u>263,255</u> | <u>253,528</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

27 PAYABLES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Trade payables | 5,820 | 9,594 | - | - |
| Refundable deposits | 23,481 | 22,957 | - | - |
| Other payables and accruals | 92,640 | 77,142 | 994 | 368 |
| Amounts due to affiliated companies | 1,023 | 698 | - | - |
| Amounts due to subsidiary companies | - | - | 107,617 | 153,056 |
| | 122,964 | 110,391 | 108,611 | 153,424 |
| Advance rental received | 54 | 130 | - | - |
| Current portion of other long term liabilities (Note 25) | 15,550 | 15,550 | - | - |
| | 138,568 | 126,071 | 108,611 | 153,424 |

The normal trade credit term granted to the Group and the Company ranges from 1 to 90 days (2017 : 1 to 90 days).

Included in other payables and accruals of the Group are the following:

- Balance purchase consideration for the acquisition of several parcels of land amounting to RM40,750,000 (2017 : RM40,750,000). This balance payment bears interest at 9.0% (2017 : 9.0%) per annum.
- Accrued late payment charges to RM11,448,000 (2017: RM5,460,000) for the extended completion time in relation to the acquisition of the remaining 50% equity interest in Megaquest Sdn Bhd.

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

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

28 PROVISIONS

| | LAD RM'000 | On-line repairs RM'000 | Additional EPF entitle- ment RM'000 | Sludge disposal RM'000 | Total RM'000 |
|---|---------------|------------------------------|--|------------------------------|-----------------|
| As of 1 July 2017 | 644 | 28 | 109 | 23 | 804 |
| Reversal to the statement of profit or loss during the year | (644) | (8) | (4) | (1) | (657) |
| As of 30 June 2018 | - | 20 | 105 | 22 | 147 |
| As of 1 July 2016 | 644 | - | - | - | 644 |
| Arising from acquisition of a subsidiary company | - | 28 | 109 | 23 | 160 |
| As of 30 June 2017 | 644 | 28 | 109 | 23 | 804 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

28 PROVISIONS (CONTD.)

(a) Provision for liquidated and ascertained damages ("LAD")

Provision for liquidated and ascertained damages of the Group is made in respect of the delay in the completion of the development project.

(b) On-line repairs

The provision for on-line repairs is made for estimated repair costs relating to damages and defects identified during the course of assembly of motor vehicles. The provision is based on historical repairs data incurred on similar products.

(c) Additional employees provident fund ("EPF") entitlement

Provision for additional EPF entitlement relates to a subsidiary company's employment benefit policy whereby an additional 4% of employer's contribution is payable to employees with less than 5 years of employment service. It is based on 4% of gross salary of employees for the first 5 years of employment service. The provision is payable when an employee with at least 5 years of employment service resigns or retires. The provision is reversed if an employee resigns before his 5 years of employment service.

(d) Sludge disposal

Provision for sludge disposal is in respect of remaining sludge held at the reporting date in the subsidiary company's factory. The provision is based on historical sludge disposal charges incurred.

29 REVENUE

The main categories of revenue are as follows:

| Group | 2018 RM'000 | 2017 RM'000 |
|--|------------------------|------------------------|
| Gaming ticket sales net of gaming tax | 113,542 | 150,077 |
| Rental income from investment properties | 132,742 | 139,509 |
| Sale of theme park tickets | 12,717 | 12,075 |
| Revenue from jetty operations | 23,077 | 26,320 |
| Revenue from hotel operations | 20,774 | 23,505 |
| Revenue from food and beverage business | 8,087 | 4,779 |
| Revenue from assembly charges | 1,751 | 93 |
| | 312,690 | 356,358 |
| Company | | |
| Gross dividends from subsidiary companies | 26,343 | - |
| Gross dividends from an affiliated company | - | 14 |
| Management fees from subsidiary companies | 725 | 725 |
| | 27,068 | 739 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

30 COST OF SALES

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

31 OTHER INCOME

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Dividend income from: | | | | |
| - available-for-sale investments quoted in Malaysia | 4,942 | 1,571 | - | - |
| Interest income: | | | | |
| - fixed and other deposits | 2,366 | 1,064 | 549 | 104 |
| - subsidiary companies | - | - | 8,254 | 8,058 |
| - others | 1,192 | 1,168 | - | - |
| Gain on disposal of property, plant and equipment | 269 | 112 | - | - |
| Compensation arising from compulsory acquisition of lease interest by the authorities | 2,037 | - | - | - |
| Gain on disposal of quoted investments | 2,601 | 1,201 | - | - |
| Gain on disposal of investment properties | 4,792 | - | - | - |
| Finance income - other liabilities at amortised costs | 14 | 19,204 | - | - |
| Gain on foreign exchange | 2,933 | 1,803 | - | - |
| Reversal of impairment on investment in joint venture | 3,780 | - | - | - |
| Miscellaneous | 4,341 | 3,973 | 147 | 93 |
| | <u>29,267</u> | <u>30,096</u> | <u>8,950</u> | <u>8,255</u> |

32 STAFF COSTS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Wages and salaries | 27,480 | 25,313 | 614 | 547 |
| Bonus | 1,280 | 925 | 46 | 37 |
| EPF contributions | 3,154 | 2,944 | 59 | 62 |
| Social security organisation contributions | 701 | 670 | 2 | 5 |
| Short term accumulating compensated absences | 33 | 8 | - | - |
| Other staff related expenses | 1,500 | 1,080 | 43 | 43 |
| | <u>34,148</u> | <u>30,940</u> | <u>764</u> | <u>694</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

33 DIRECTORS' REMUNERATION

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

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Directors of the Company | | | | |
| Executive: | | | | |
| Fees | 60 | 34 | - | - |
| Salary and other emoluments | 5,786 | 1,100 | 135 | 135 |
| Bonus | 187 | - | - | - |
| Benefits-in-kind | 30 | 9 | - | - |
| | <u>6,063</u> | <u>1,143</u> | <u>135</u> | <u>135</u> |
| Non-Executive: | | | | |
| Fees | 130 | 140 | 120 | 130 |
| Bonus | 39 | - | - | - |
| Other emoluments | 727 | 17 | 326 | 17 |
| | <u>896</u> | <u>157</u> | <u>446</u> | <u>147</u> |
| Directors of the subsidiary companies | | | | |
| Fees | - | 91 | - | - |
| Salary and other emoluments | 19,069 | 1,064 | - | - |
| Bonus | 84 | - | - | - |
| Benefits-in-kind | - | 25 | - | - |
| | <u>19,153</u> | <u>1,180</u> | <u>-</u> | <u>-</u> |
| Total | <u>26,112</u> | <u>2,480</u> | <u>581</u> | <u>282</u> |

34 OTHER EXPENSES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Impairment of available-for-sale quoted investments | 35,616 | 24,742 | - | 13 |
| Impairment of investment in subsidiary companies | - | - | 96,980 | 48,092 |
| Impairment of goodwill | 20,521 | 38,865 | - | - |
| Allowances of doubtful debts on amounts owing from subsidiary companies | - | - | 21,000 | - |
| Loss on foreign exchange | 257 | 2,029 | - | - |
| Miscellaneous | 1,103 | 1,578 | - | - |
| | <u>57,497</u> | <u>67,214</u> | <u>117,980</u> | <u>48,105</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

35 FINANCE COSTS

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Interest expense: | | | | |
| - borrowings | 54,012 | 51,445 | 1,682 | 6,885 |
| - hire purchase liabilities | 148 | 110 | 4 | 4 |
| - subsidiary companies | - | - | 5,478 | 4,278 |
| - loan related expenses | 2,981 | 7,252 | 17 | 2,300 |
| - other finance costs | 3,665 | 3,595 | - | - |
| - unwinding of discount | 9,633 | 6,196 | - | - |
| | 70,439 | 68,598 | 7,181 | 13,467 |

36 (LOSS)/PROFIT BEFORE TAX

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| (Loss)/profit before tax is stated after charging/(crediting): | | | | |
| Direct operating expenses of investment properties: | | | | |
| - revenue generating during the year | 11,285 | 12,360 | - | - |
| - non-revenue generating during the year | 14,254 | 12,940 | - | - |
| Gaming royalty | 626 | 828 | - | - |
| Depreciation of property, plant and equipment (Note 5) | 15,112 | 12,697 | 34 | 35 |
| Directors' remuneration (Note 33): | | | | |
| - fees | 190 | 265 | 120 | 130 |
| - salary and other emoluments | 25,892 | 2,181 | 461 | 152 |
| Auditors' remuneration: | | | | |
| - statutory audit | 370 | 353 | 60 | 50 |
| - underprovision in prior years | 42 | 31 | 2 | 15 |
| - other services | 80 | 67 | 35 | 21 |
| Loss on foreign exchange | 257 | 226 | - | - |
| Amortisation of | | | | |
| of prepaid lease payments (Note 8) | 408 | 9 | - | - |
| Amortisation of other intangible assets (Note 13) | 1,266 | 1,265 | - | - |
| Reversal of impairment of receivables (Note 15) | (2,398) | (534) | - | - |
| Impairment of receivables (Note 15) | 3,487 | 4,330 | - | - |
| Operating leases: | | | | |
| - lease payments for buildings | 285 | 238 | - | - |
| - lease payments for land | 1,128 | 1,442 | - | - |
| Staff costs (Note 32) | 34,148 | 30,940 | 764 | 694 |
| Property, plant and equipment written off | 10 | 2,317 | - | - |
| Bad debts written off | 3,835 | 1,873 | - | - |
| Reversal of provisions (Note 28) | (657) | - | - | - |
| Impairment loss on non-current asset classified as held for sale | 986 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

37 INCOME TAX EXPENSE

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Current income tax: | | | | |
| Malaysian income tax | 6,597 | 6,678 | 1,655 | 1,410 |
| Withholding tax | 363 | 365 | - | 86 |
| Effect of real property gains tax | 499 | 1 | - | - |
| Underprovision/(Over) in prior years | 2,208 | (17) | 368 | - |
| | <u>9,667</u> | <u>7,027</u> | <u>2,023</u> | <u>1,496</u> |
| Deferred tax (Note 26): | | | | |
| Relating to origination and reversal of temporary differences | 7,360 | 13,765 | (4) | (7) |
| Overprovision in prior years | (19) | (684) | - | - |
| | <u>7,341</u> | <u>13,081</u> | <u>(4)</u> | <u>(7)</u> |
| Total income tax expense | <u>17,008</u> | <u>20,108</u> | <u>2,019</u> | <u>1,489</u> |

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

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| (Loss)/Profit before tax | (12,560) | 7,891 | (92,133) | (55,081) |
| Taxation at Malaysian statutory tax rate of 24% | (3,014) | 1,894 | (22,112) | (13,219) |
| Effect of different tax rates in other countries | (152) | 133 | - | - |
| Effect of expenses not deductible for tax purposes | 24,332 | 30,117 | 29,470 | 14,635 |
| Effect of income not subject to tax | (11,037) | (13,705) | (5,707) | (13) |
| Effect of income subject to real property gains tax | 499 | 1 | - | - |
| Deferred tax assets not recognised during the year | 2,334 | 357 | - | - |
| Deferred tax liabilities recognised for fair value changes of investment properties | 1,494 | 1,647 | - | - |
| Overprovision of deferred tax in prior years | (19) | (684) | - | - |
| Under/(Over)provision of income tax in prior years | 2,208 | (17) | 368 | - |
| Withholding tax | 363 | 365 | - | 86 |
| Income tax expense for the year | <u>17,008</u> | <u>20,108</u> | <u>2,019</u> | <u>1,489</u> |

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017 : 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

37 INCOME TAX EXPENSE (CONTD.)

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

In prior year, IRB issued Notice of Additional Assessments ("Forms JA") in accordance with Section 4(a) of the Income Tax Act 1967 on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014 to Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned subsidiary company of the Group. The IRB has regarded the disposal of the investment properties to be in the ordinary course of business of BTSSB as a property developer.

The SCIT has fixed 14 December 2018 for a case management to update on the status of settlement negotiations on the dispute with further tax penalties amounting to RM180.73 million, inclusive of further tax penalties amounted to RM72.81 million, which had been disclosed as contingent liabilities since prior year.

As of the date of issue of these financial statements, the litigations are still on-going.

The details of the litigation are disclosed in Note 40 to the financial statements.

38 LOSS PER SHARE

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

The weighted average number of ordinary shares issued in the prior financial year has been adjusted for the effect of Share Split.

| | Group | |
|---|------------------------|------------------------|
| | 2018 RM'000 | 2017 RM'000 |
| Loss attributable to owners of the Parent | (32,961) | (11,437) |
| Weighted average number of ordinary shares in issue | 2,515,487 | 2,226,084 |
| Basic loss per share | Sen (1.31) | Sen (0.51) |

Fully diluted loss per share is not presented as the Warrants 2008/2018 and Warrants 2018/2023 have an anti-dilutive effect on the loss per share in 2017 and 2018 respectively. The basic and diluted loss per share are the same as the Company has no dilutive potential ordinary shares. The number of outstanding Warrants 2008/2018 as at 30 June 2017 was 340,732,348 which had expired on 16 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

39 FINANCIAL GUARANTEES

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

40 CONTINGENT LIABILITIES AND MATERIAL LITIGATION

In prior year, IRB issued notice of Additional Assessments ("Forms JA") in accordance with Section 4(a) of the Income Tax Act 1967 on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014 to Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned subsidiary company of the Group. The IRB has regarded the disposal of the investments properties to be in the ordinary course of business of BTSSB as a property developer. The amount of additional taxes assessed amounted to RM156.48 million, inclusive of tax penalties amounted to RM48.56 million.

BTSSB did not agree with the basis applied by the IRB and has filed an official appeal against the additional assessments for the said years of assessment through submission of the prescribed Forms Q to the Special Commissioners of Income Tax ("SCIT"). In accordance with Section 103(2) of the Income Tax Act 1967, BTSSB is liable and required to pay the additional taxes of RM156.48 million, inclusive of tax penalties, pending the outcome of the appeals. At the same time, BTSSB has also submitted applications to the Ministry of Finance and the IRB for the deferment of payment of the said additional taxes until the decision of the appeal is determined by the court of law. The IRB did not accede to the application for deferment of payment of the additional taxes from BTSSB and had commenced civil proceedings against BTSSB for the disputed tax assessments.

On 8 February 2017, BTSSB was informed by the IRB, that the Forms Q tax appeal filed by BTSSB, has been referred to the SCIT for a determination. The next mention date of the tax appeal case before the SCIT has been fixed on 14 December 2018.

Subsequently, on 3 April 2017, the High Court judge granted an order for a stay of civil proceedings in favour of BTSSB, pending the full and final determination of the tax appeal case of BTSSB by the SCIT.

On 25 April 2017, the IRB filed to the Putrajaya Court of Appeal of Malaysia ("Court of Appeal"), a notice of appeal to challenge the stay of civil proceedings granted by the High Court in favour of BTSSB ("IRB Appeal"). The Court of Appeal had unanimously dismissed the IRB Appeal at the hearing held on 13 April 2018. IRB had on 8 May 2018, filed an application for leave to appeal against the Court of Appeal's decision to preserve the stay order granted by the High Court at the Federal Court.

Subsequently on 6 September 2018, IRB filed a Notice of Discontinuance at the Federal Court to withdraw their application for leave to appeal. As such, the stay order on tax payment granted by the High Court will stay until the full and final determination of the tax appeal case at the SCIT.

The SCIT has fixed 14 December 2018 for a case management to update on the status of settlement negotiations on the dispute with further tax penalties amounting to RM180.73 million, which had been disclosed as contingent liabilities since prior year, inclusive of further tax penalties amounted to RM72.81 million.

As of the date of issue of these financial statements, the litigations are still on-going.

Based on the legal opinion obtained from BTSSB's lawyers, there are reasonable grounds for BTSSB to take a position that the gains from disposal of investment properties should not be subjected to income tax and the High Court was right in granting the stay of proceedings. As such, no provisions in respect of the taxes in dispute are required to be made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

41 COMMITMENTS

(a) Other Commitments

| | Group | |
|---|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Capital expenditure approved and contracted for | 40,931 | 27,431 |
| Proposed acquisition of remaining 50% equity interest in Megaquest Sdn Bhd | 97,600 | 102,600 |
| | 138,531 | 130,031 |

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

| | Group | |
|--|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Future minimum rental payments: | | |
| Not later than 1 year | 617 | 1,491 |
| Later than 1 year and not later than 5 years | 3,753 | 7,021 |
| Later than 5 years | 24,877 | 47,379 |
| | 29,247 | 55,891 |

The Group has entered into non-cancellable operating lease agreements which represent rental payable for the use of land and building. Leases are negotiated for a period of 3 and 30 years (2017 : 3 and 30 years) and rentals fixed for 5 years.

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

| | Group | |
|--|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Future minimum rental receivable: | | |
| Not later than 1 year | 63,455 | 62,799 |
| Later than 1 year and not later than 5 years | 81,280 | 83,548 |
| More than 5 years | 184,272 | 216,554 |
| | 329,007 | 362,901 |

The Group entered into non-cancellable operating lease agreements which represent rental receivable for the use of land and commercial property leases on its investment properties portfolio consisting of commercial space. These leases have non-cancellable lease terms of between 6 months and 30 years (2017 : 6 months and 30 years). The future minimum rental receivable of certain subsidiary companies are pledged to financial institutions for credit facilities as referred to in Notes 22 and 23.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

42 SIGNIFICANT RELATED PARTY TRANSACTIONS

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Management fees charged to subsidiary companies | | - | - | (725) | (725) |
| Management fees charged by | | | | | |
| - Berjaya Land Berhad | a | 240 | 240 | 240 | 240 |
| Purchase of quoted shares in Malaysia from Berjaya Retail Berhad | k | - | 27,000 | - | - |
| Rental income and other related income charged to: | | | | | |
| - Berjaya Hotels & Resorts (M) Sdn Bhd | a | (90) | - | - | - |
| - Berjaya Registration Services Sdn Bhd | a | (265) | (462) | - | - |
| - Budi Impian Sdn Bhd | a | (181) | (242) | - | - |
| - Berjaya Higher Education Sdn Bhd | a | (1,279) | (1,279) | - | - |
| - Berjaya Krispy Kreme Doughnuts Sdn Bhd | a | (96) | (92) | - | - |
| - Berjaya Papa John's Pizza Sdn Bhd | a | - | (283) | - | - |
| - KUB-Berjaya Enviro Sdn Bhd | a | (251) | (251) | - | - |
| - Cosway (M) Sdn Bhd | a | (531) | (447) | - | - |
| - Berjaya Land Berhad | a | - | (379) | - | - |
| - Berjaya Burger Sdn Bhd | a | (339) | (266) | - | - |
| - Berjaya Hills Resort Berhad | a | (69) | (104) | - | - |
| - Berjaya College Sdn Bhd | a | (569) | (569) | - | - |
| - 7-Eleven Malaysia Sdn Bhd | c | (574) | (563) | - | - |
| - U Mobile Sdn Bhd ("UMSB") | d | (3,634) | (3,339) | - | - |
| - MOL AccessPortal Sdn Bhd | f | (1,200) | (520) | - | - |
| - Ascot Sports Sdn Bhd ("Ascot") | g | (661) | (661) | - | - |
| - Berjaya Roasters (M) Sdn Bhd | h | (655) | (641) | - | - |
| - Berjaya-GSC Sdn Bhd | i | (1,608) | (1,608) | - | - |
| - Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") | h | (887) | (873) | - | - |
| - RU Café Sdn Bhd | a | (126) | (126) | - | - |
| - Berjaya RadioShack Sdn Bhd | b | - | (232) | - | - |
| - Thai Odyssey Group Sdn Bhd | j | (230) | (244) | - | - |
| - Caring Pharmacy Retail Management Sdn Bhd | k | - | (359) | - | - |
| | | (13,245) | (13,540) | - | - |
| Rental payable to | | | | | |
| - ANSA Hotel KL Sdn Bhd | a | 716 | 716 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Parking charges charged to: | | | | | |
| - Berjaya Land Berhad | a | (210) | (104) | - | - |
| - Berjaya Hotels & Resorts (M) Sdn Bhd | a | (90) | (43) | - | - |
| - Inter-Pacific Securities Sdn Bhd | a | (160) | (166) | - | - |
| - Prime Credit Leasing Sdn Bhd | a | (4) | (7) | - | - |
| - KUB-Berjaya Enviro Sdn Bhd | a | (44) | (43) | - | - |
| - Sports Toto Malaysia Sdn Bhd | a | (356) | (348) | - | - |
| - UMSB | d | (621) | (588) | - | - |
| - Berjaya Roasters (M) Sdn Bhd | h | (27) | (42) | - | - |
| - BStarbucks | h | (111) | (102) | - | - |
| | | (1,623) | (1,443) | - | - |
| Promotion, advertisement and publishing expenses charged by Sun Media Corporation Sdn Bhd | | | | | |
| | e | 11 | 38 | - | - |
| Receipt of share registration services and related expenses charged by Berjaya Registration Services Sdn Bhd | | | | | |
| | a | 60 | 40 | 40 | 21 |
| Procurement of computerised lottery system and related services from International Lottery & Totalizator Systems, Inc | | | | | |
| | a | 634 | 685 | - | - |

The nature of the related party relationships are as follows:

- Subsidiary company of Berjaya Corporation Berhad ("BCorp"). Deemed a related party by virtue of the interests of Tan Sri Dato' Seri Vincent Tan Chee Yionn ("Tan Sri Vincent Tan") who is a major shareholder of both the Company and BCorp. Tan Sri Vincent Tan, the Executive Chairman of BCorp is the father of Chryseis Tan Sheik Ling ("CTSL"), an Executive Director of the Company. His other son, Dato' Sri Robin Tan Yeong Ching ("DSRT") is the Chief Executive Officer and a major shareholder of BCorp. His other daughter, Nerine Tan Sheik Ping ("NTSP") is an Executive Director of BCorp while another son, Rayvin Tan Yeong Sheik ("RTYS") is a shareholder of BCorp. Hence, Tan Sri Vincent Tan, DSRT, NTSP, RTYS and CTSL are persons connected with each other.
- Subsidiary company of Berjaya Retail Berhad ("BRetail") and deemed a related party by virtue of Tan Sri Vincent Tan's deemed interest in BRetail.
- A wholly owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"). SEM is deemed a related party by virtue of Tan Sri Vincent Tan's direct and deemed interests in SEM.
- Deemed a related party by virtue of Tan Sri Vincent Tan's deemed interests in UMSB. Tan Sri Vincent Tan is also the Chairman of UMSB.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

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

- (e) Subsidiary company of Berjaya Media Berhad ("BMedia"), a company in which BCorp and Tan Sri Vincent Tan have substantial interests. Tan Sri Dato' Tan Chee Sing ("TSDT"), the brother of Tan Sri Vincent Tan, also has interest in BMedia. DSRT is the Chairman and shareholder of BMedia.
- (f) A wholly-owned subsidiary company of MOL Global, Inc ("M-Global"). Tan Sri Vincent Tan and BCorp are major shareholders of M-Global. Tan Sri Vincent Tan has ceased to be a shareholder of M-Global as at 8 February 2018.
- (g) A company in which Tan Sri Vincent Tan and DSRT have interests. DSRT and RTYS are also Directors of Ascot.
- (h) Berjaya Roasters (M) Sdn Bhd and BStarbucks are wholly-owned subsidiary companies of Berjaya Food Berhad ("BFood"). Tan Sri Vincent Tan and BCorp are major shareholders of BFood while DSRT is a shareholder of BFood. CTSL is a Director of BFood.
- (i) A joint venture of the Group.
- (j) A company in which TSDT, the brother of Tan Sri Vincent Tan, is a deemed major shareholder. TSDT ceased to be a deemed major shareholder of Thai Odyssey Group Sdn Bhd as at 28 March 2018.
- (k) A company in which Tan Sri Vincent Tan has interests.

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

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Short term employee benefits | 24,106 | 2,542 | 567 | 581 |
| Post-employment benefits: | | | | |
| Defined contribution plan | 3,022 | 239 | 14 | 36 |
| | <u>27,128</u> | <u>2,781</u> | <u>581</u> | <u>617</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

43 SEGMENT INFORMATION

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

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

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

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

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

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

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

(a) Business segments:

| Revenue | <----- 2018 -----> | | | <----- 2017 -----> | | |
|---|--------------------|-----------------------------|-----------------|--------------------|-----------------------------|-----------------|
| | External RM'000 | Inter- segment RM'000 | Total RM'000 | External RM'000 | Inter- segment RM'000 | Total RM'000 |
| Gaming and related activities | 113,542 | 2,192 | 115,734 | 150,077 | 2,898 | 152,975 |
| Property development and property investment | 155,819 | - | 155,819 | 165,829 | - | 165,829 |
| Recreation and others | 43,329 | - | 43,329 | 40,452 | - | 40,452 |
| Inter-segment eliminations | - | (2,192) | (2,192) | - | (2,898) | (2,898) |
| | 312,690 | - | 312,690 | 356,358 | - | 356,358 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

43 SEGMENT INFORMATION (CONTD.)

(a) Business segments (contd.):

| | 2018 RM'000 | 2017 RM'000 |
|--|-----------------|-----------------|
| Results | | |
| Gaming and related activities | 8,892 | 6,979 |
| Property development and property investment | 52,649 | 90,815 |
| Recreation and others | (21,711) | (6,754) |
| | <u>39,830</u> | <u>91,040</u> |
| Unallocated corporate expenses | (13,080) | (8,835) |
| | <u>26,750</u> | <u>82,205</u> |
| Fair value changes on investment properties | 15,697 | 33,132 |
| Other income | | |
| - gaming and related activities | 8,021 | 4,074 |
| - property development and property investment | 17,701 | 23,844 |
| - recreation and others | 489 | 232 |
| - unallocated | 3,056 | 1,946 |
| | <u>29,267</u> | <u>30,096</u> |
| Other expenses | | |
| - gaming and related activities | (56,367) | (62,803) |
| - property development and property investment | (983) | (2,392) |
| - recreation and others | (7) | (24) |
| - unallocated | (140) | (1,995) |
| | <u>(57,497)</u> | <u>(67,214)</u> |
| Operating profit | 14,217 | 78,219 |
| Finance costs | (70,439) | (68,598) |
| Share of results of associated companies | (826) | - |
| Share of results of joint ventures | 44,488 | (1,730) |
| (Loss)/Profit before tax | (12,560) | 7,891 |
| Income tax expense | (17,008) | (20,108) |
| Loss for the year | (29,568) | (12,217) |
| Non-controlling interests | (3,393) | 780 |
| Loss attributable to owners of the Parent | <u>(32,961)</u> | <u>(11,437)</u> |

| | 2018 | | 2017 | |
|--|------------------|-----------------------|------------------|-----------------------|
| | Assets RM'000 | Liabilities RM'000 | Assets RM'000 | Liabilities RM'000 |
| Assets and liabilities | | | | |
| Gaming and related activities | 58,261 | 63,635 | 41,348 | 7,268 |
| Property development and property investment | 3,076,963 | 289,463 | 2,990,916 | 288,480 |
| Recreation and others | 260,394 | 17,444 | 282,105 | 17,437 |
| Segment assets/liabilities | <u>3,395,618</u> | <u>370,542</u> | <u>3,314,369</u> | <u>313,185</u> |
| Investment in joint ventures | 13,716 | - | 14,882 | - |
| Unallocated corporate assets/liabilities | 186,151 | 927,543 | 190,000 | 954,739 |
| Consolidated assets/liabilities | <u>3,595,485</u> | <u>1,298,085</u> | <u>3,519,251</u> | <u>1,267,924</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

43 SEGMENT INFORMATION (CONTD.)

(a) Business segments (contd.):

| Other information | <----- 2018 -----> | | | <----- 2017 -----> | | |
|---|-------------------------------|---|---|-------------------------------|---|---|
| | Capital expenditure RM'000 | Depreciation/ Amortisation RM'000 | Other non-cash expenses RM'000 | Capital expenditure RM'000 | Depreciation/ Amortisation RM'000 | Other non-cash expenses RM'000 |
| Gaming and related activities | 93 | 2,426 | - | 72 | 2,432 | - |
| Property development and property investment | 2,729 | 2,578 | 1,270 | 5,305 | 2,587 | 6,579 |
| Recreation and others | 3,936 | 11,748 | 110 | 922 | 8,917 | 47 |
| Unallocated | 1 | 34 | (559) | 13 | 35 | 247 |
| | <u>6,759</u> | <u>16,786</u> | <u>821</u> | <u>6,312</u> | <u>13,971</u> | <u>6,873</u> |

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

| Impairment | 2018 RM'000 | 2017 RM'000 |
|--|----------------|----------------|
| Gaming and related activities | 55,264 | 62,790 |
| Property development and property investment | 873 | 804 |
| Unallocated | - | 13 |
| | <u>56,137</u> | <u>63,607</u> |

(b) Geographical Locations:

| | <----- 2018 -----> | | | <----- 2017 -----> | | |
|------------------|--------------------|-----------------------------|----------------------------------|--------------------|-----------------------------|----------------------------------|
| | Revenue RM'000 | Segment assets RM'000 | Capital expenditure RM'000 | Revenue RM'000 | Segment assets RM'000 | Capital expenditure RM'000 |
| Malaysia | 301,829 | 2,993,216 | 6,378 | 345,161 | 2,943,657 | 5,619 |
| Outside Malaysia | 10,861 | 402,402 | 381 | 11,197 | 370,712 | 693 |
| | <u>312,690</u> | <u>3,395,618</u> | <u>6,759</u> | <u>356,358</u> | <u>3,314,369</u> | <u>6,312</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

44 FAIR VALUE MEASUREMENT

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

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

(a) Non financial assets that are measured at fair value

- i) The table below analyses the Group's non financial assets measured at fair value at the reporting date, according to the level in the fair value hierarchy:

Investment Properties

| Group As of 30 June 2018 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|-------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| Commercial properties | - | 40,200 | 2,159,206 | 2,199,406 |
| Other properties | - | 47,950 | 253,683 | 301,633 |
| | - | 88,150 | 2,412,889 | 2,501,039 |

| As of 30 June 2017 | | | | |
|---------------------------|---|--------|-----------|-----------|
| Commercial properties | - | 40,200 | 2,168,207 | 2,208,407 |
| Other properties | - | 47,650 | 252,109 | 299,759 |
| | - | 87,850 | 2,420,316 | 2,508,166 |

- ii) Description of valuation techniques used on non financial assets

Comparison method

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Investment properties valued under the comparison method, with insignificant adjustment factors, are categorised as Level 2 in the fair value hierarchy.

Certain other investment properties valued using the comparison method with significant adjustments made for differences such as location, size condition, accessibility and design ("adjustment factors") are categorised as Level 3 in the fair value hierarchy. The significant unobservable inputs for this category of investment properties, which are the adjustment factors, ranged generally between 5% and -23% (2017 : 5% and -23%) of the respective properties' fair value. Larger properties of the Group which are owned en-bloc may contain adjustment factors outside this range.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

44 FAIR VALUE MEASUREMENT (CONTD.)

(a) Non financial assets that are measured at fair value (contd.)

ii) Description of valuation techniques used on non financial assets (contd.)

Discounted Cash Flows Method *

Under the discounted cash flows method, fair value is determined to be the difference between the present value of cash inflows (gross development value) and the present value of cash outflows (development costs).

Gross development value is derived by comparing the development components of the subject property with comparable transactions in the vicinity or other comparable locations.

Appropriate adjustments for characteristics, merits and demerits are then made to arrive at the proposed gross development value of the development components.

Development costs are the actual or estimated attributable costs (including marketing and finance cost) which are likely to be incurred for the completion and sale of the development components.

An appropriate market derived discount rate is then applied to establish the present values of the cash inflows and cash outflows.

Investment Method *

Under the investment method, fair value is determined based on the projection of a series of cash flows on a real property interest. To this projected cash flows series, an appropriate capitalisation rate is applied to establish the present value of the income stream associated with the asset.

Periodic cash flows is typically the estimated net annual rental value of the property which is calculated as the gross rental income anticipated over the lease period of the property, less the expenses or outgoings incidental to the ownership of the property.

The relevant capitalisation rate is chosen based on the investment rate of return expected from the type of property, taking into consideration of the risk factors, capital appreciation, security of income, ease of sale and management of the subject property.

Cost Method *

Under the cost method, fair value is determined to be the depreciated replacement cost of the property. Depreciated replacement cost is derived from the estimated replacement cost of the replaceable property in the light of current market prices for materials, labour, manufactured machinery and equipment, freight, installation and other related charges. Accrued depreciation due to use, disrepair, age and obsolescence from technology and market changes are then deducted therefrom.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

44 FAIR VALUE MEASUREMENT (CONTD.)

(a) Non financial assets that are measured at fair value (contd.)

ii) Description of valuation techniques used on non financial assets (contd.)

* The investment properties valued using these methods are categorised as Level 3 in the fair value hierarchy.

(b) Financial instruments that are measured at fair value

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy:

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|--------------------------------|-------------------|-------------------|-------------------|-----------------|
| 2018 | | | | |
| Group | | | | |
| <u>Financial assets</u> | | | | |
| Other investments | 263,320 | - | - | 263,320 |
| Company | | | | |
| <u>Financial assets</u> | | | | |
| Other investments | 471 | - | - | 471 |
| 2017 | | | | |
| Group | | | | |
| <u>Financial assets</u> | | | | |
| Other investments | 182,902 | - | - | 182,902 |
| Company | | | | |
| <u>Financial assets</u> | | | | |
| Other investments | 542 | - | - | 542 |

(c) The following table reconciles the Group's Level 3 fair value measurements

| | 2018 RM'000 | 2017 RM'000 |
|------------------------------------|----------------|----------------|
| <u>Non financial assets</u> | | |
| As of 1 July 2017/2016 | 2,420,316 | 2,382,598 |
| Additions during the year | - | 1,404 |
| Fair value changes | 178 | 27,982 |
| Disposals during the year | (9,178) | (11) |
| Exchange differences | 1,573 | 8,343 |
| As of 30 June 2018/2017 | 2,412,889 | 2,420,316 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

44 FAIR VALUE MEASUREMENT (CONTD.)

(d) Description of key inputs to valuation on assets measured at Level 3:

Description of valuation techniques and key inputs to valuation on assets measured at Level 3 are as follows:

| Valuation technique | Significant unobservable inputs | 2018 | 2017 |
|------------------------------|---|---------------|----------------|
| <u>Investment properties</u> | | | |
| Discounted cash flows method | Average gross development value per square foot | RM3,100 | RM3,100 |
| | Average gross development costs per square foot | RM680 | RM680 |
| | Discount rate | 9% | 9% |
| Investment method | Estimated value per month: - rental value per square foot Capitalisation rate | RM236 4.5% | RM244 4.75% |
| Cost method | Estimated replacement cost per square foot | RM220 | RM220 |
| | Estimated accrued depreciation per square foot | RM150 | RM150 |

45 FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| <u>Financial assets</u> | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| <u>Available-for-sale financial assets</u> | | | | | |
| Other investments | 12 | 267,051 | 186,633 | 471 | 542 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

45 FINANCIAL INSTRUMENTS (CONTD.)

(a) Classification of financial instruments (contd.)

| <u>Financial assets (contd.)</u> | Note | Group | | Company | |
|-------------------------------------|------|------------------|------------------|----------------|----------------|
| | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| <u>Loans and receivables</u> | | | | | |
| Receivables | 15 | 28,847 | 30,096 | 339,085 | 347,084 |
| Deposits | | | | | |
| with licensed banks | 16 | 66,186 | 58,436 | 6,792 | 10,119 |
| Cash on hand and at banks | 16 | 33,064 | 30,776 | 458 | 35 |
| | | <u>128,097</u> | <u>119,308</u> | <u>346,335</u> | <u>357,238</u> |
| <u>Held-to-maturity investments</u> | | | | | |
| Other investments | 12 | 1,006 | 1,008 | - | - |
| Total financial assets | | <u>396,154</u> | <u>306,949</u> | <u>346,806</u> | <u>357,780</u> |
| <u>Financial liabilities</u> | | | | | |
| <u>Other financial liabilities</u> | | | | | |
| Bank borrowings | 22 | 699,916 | 676,959 | 34,924 | - |
| Senior bonds | 23 | - | 159,425 | - | - |
| Senior medium term notes | 23 | 157,808 | - | - | - |
| Hire purchase liabilities | 24 | 1,657 | 1,711 | 36 | 58 |
| Long term liabilities | 25 | 143,416 | 142,318 | - | - |
| Payables | 27 | 122,964 | 110,391 | 108,611 | 153,424 |
| Total financial liabilities | | <u>1,125,761</u> | <u>1,090,804</u> | <u>143,571</u> | <u>153,482</u> |

(b) Fair values

(i) Financial instruments that are measured at fair value

Information of financial instruments of the Group and of the Company that are measured at fair value is disclosed in Note 44.

(ii) Financial instruments that are not measured at fair value and whose carrying amount are reasonable approximation of fair value

Included in these classes of financial instruments are certain financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | Note |
|---------------------------------------|------|
| Receivables | 15 |
| Payables | 27 |
| Bank borrowings | 22 |
| Senior medium term notes/Senior bonds | 23 |
| Hire purchase liabilities | 24 |
| Long term liabilities | 25 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

45 FINANCIAL INSTRUMENTS (CONTD.)

(b) Fair values (contd.)

- (ii) Financial instruments that are not measured at fair value and whose carrying amount are reasonable approximation of fair value (contd.)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of sale and buyback agreements included in long term liabilities is estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending or borrowing arrangements at reporting date.

The carrying amounts of the amounts due from subsidiary companies disclosed in Note 15 are reasonable approximation of fair values as they are repayable on demand.

The carrying amounts of the bank borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of financial guarantees are determined based on the probability weighted discounted cash flows method. The probability has been estimated and assigned for the following key assumptions:

- the likelihood of the guaranteed party defaulting within the guaranteed period;
- the exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- the estimated loss exposure if the party guaranteed was to default.

The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material.

- (iii) Financial instruments that are not measured at fair value and whose carrying amount are not reasonable approximation of fair value

| | Group | | | |
|--|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| | Carrying Amount 2018 RM'000 | Fair Value 2018 RM'000 | Carrying Amount 2017 RM'000 | Fair Value 2017 RM'000 |
| <u>Financial assets</u> | | | | |
| Investments | | | | |
| - unquoted shares outside Malaysia | 2,396 | * | - | - |
| - unquoted loan stocks outside Malaysia | 3,731 | * | 3,731 | * |
| | <u>3,731</u> | <u>*</u> | <u>3,731</u> | <u>*</u> |

* The investments are carried at cost less accumulated impairment loss as their fair values cannot be measured reliably due to the absence of an active market and reliable input data.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

46 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk (including interest rate risk, foreign currency risk and equity price risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market prices.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The interest-bearing assets are mainly deposits with licensed banks and they are not held for speculative purposes. The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

The interest-bearing debts are mainly term loans, senior medium term notes, revolving credit facility, margin account, hire purchase liabilities and amounts due to subsidiary companies. Debts at floating rates expose the Group to cash flow interest rate risk. Debts at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate debts.

The carrying amounts, the range of applicable interest rates during the year and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk are disclosed in Notes 15, 16, 22, 23, 24 and 27.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| <u>Fixed rate instruments</u> | | | | |
| Financial assets | 11,226 | 16,430 | 6,792 | 10,119 |
| Financial liabilities | 217,573 | 172,393 | 36 | 58 |

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| <u>Floating rate instruments</u> | | | | |
| Financial assets | 62,368 | 50,374 | 338,969 | 347,037 |
| Financial liabilities | 641,808 | 665,702 | 142,541 | 153,056 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

46 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

(a) Market Risk (contd.)

(i) Interest Rate Risk (contd.)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss.

Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the loss/profit before tax of the Group to higher/lower by RM1,449,000 (2017 : RM1,538,000) and the loss before tax of the Company to be lower/higher by RM491,000 (2017 : RM485,000) respectively. This analysis assumes that all other variables remain constant.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group mainly transacts in Ringgit Malaysia. However, certain of the Group's purchases are in foreign currencies and as such, the Group is exposed to exchange rate fluctuation between Ringgit Malaysia and foreign currencies such as United States Dollar, Euro and Thai Baht. The Group seeks to mitigate foreign currency risk with close monitoring via making payments when foreign exchange rates are favourable to the Group.

The financial assets and liabilities of the Group that are denominated in foreign currencies are as follows:

| | Group | |
|------------------------|----------------|----------------|
| | 2018 RM'000 | 2017 RM'000 |
| Cash and bank balances | | |
| - United States Dollar | 41 | 10 |
| - Pound Sterling | 319 | - |
| | 360 | 10 |
| Other payables | | |
| - United States Dollar | 360 | 225 |
| - Thai Baht | 108 | 229 |
| | 468 | 454 |

The financial impact of changes in foreign currency rates is not material to the Group.

(iii) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

46 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

(a) Market Risk (contd.)

(iii) Equity Price Risk (contd.)

The Group and the Company are exposed to equity price risk arising from its investments in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Securities and classified as available-for-sale financial assets based on the purpose for which the quoted equity instruments were acquired. The Group and the Company do not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 1% higher/lower, with all other variables held constant, the Group's available-for-sale reserve would have been RM2,633,000 (2017 : RM1,829,000) higher/lower, arising as a result of an increase/decrease in the fair values of equity instruments designated as available-for-sale financial assets.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to the shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio so as to achieve overall cost effectiveness.

Analysis of undiscounted financial instruments by remaining contractual maturities

| Group | On demand | | | Total |
|-------------------------------------|-------------------------------|------------------------------|----------------------------|------------------|
| | or within one year | Two to five years | Over five years | |
| <u>Financial liabilities</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| 2018 | | | | |
| Payables | 122,964 | - | - | 122,964 |
| Long term liabilities | - | 41,675 | 192,000 | 233,675 |
| Senior medium term notes | 9,340 | 73,966 | 131,358 | 214,664 |
| Hire purchase liabilities | 782 | 1,228 | - | 2,010 |
| Bank borrowings | 241,468 | 583,126 | 89,272 | 913,866 |
| | <u>374,554</u> | <u>699,995</u> | <u>412,630</u> | <u>1,487,179</u> |
| 2017 | | | | |
| Payables | 119,991 | - | - | 119,991 |
| Long term liabilities | - | 44,383 | 198,750 | 243,133 |
| Senior bonds | 49,345 | 126,600 | - | 175,945 |
| Hire purchase liabilities | 628 | 1,468 | - | 2,096 |
| Bank borrowings | 107,079 | 558,531 | 173,742 | 839,352 |
| | <u>277,043</u> | <u>730,982</u> | <u>372,492</u> | <u>1,380,517</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

46 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

(b) Liquidity Risk (contd.)

Analysis of undiscounted financial instruments by remaining contractual maturities (contd.)

| <u>Company Financial liabilities</u> | <u>On demand or within one year RM'000</u> | <u>Two to five years RM'000</u> | <u>Over five years RM'000</u> | <u>Total RM'000</u> |
|--|--|---|---------------------------------------|-------------------------|
| 2018 | | | | |
| Payables | 108,611 | - | - | 108,611 |
| Bank borrowings | 7,000 | 30,181 | 7,032 | 44,213 |
| Hire purchase liabilities | 28 | 14 | - | 42 |
| | <u>115,639</u> | <u>30,195</u> | <u>7,032</u> | <u>152,866</u> |
| 2017 | | | | |
| Payables | 153,424 | - | - | 153,424 |
| Hire purchase liabilities | 27 | 41 | - | 68 |
| | <u>153,451</u> | <u>41</u> | <u>-</u> | <u>153,492</u> |

(c) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk mainly from trade and other receivables.

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group and the Company have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At reporting date, the Group's and the Company's maximum exposure to credit risk arising from trade and other receivables are represented by the carrying amounts of these financial assets recorded on the statements of financial position.

The Group's and the Company's credit risks on cash and bank balances are limited as the Group and the Company place their funds with reputable financial institutions with high credit ratings.

The Group and the Company are also exposed to credit risk mainly from amounts due from affiliated companies, a joint venture and subsidiary companies. The Group and the Company monitor on ongoing basis the results of the companies and repayments made by the companies.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

47 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2018 and 2017.

The Group monitors capital using a gearing ratio, which is debt divided by total equity. The Group's total debt includes borrowings, senior medium term notes, senior bonds, hire purchase liabilities and long term liabilities. Total equity represents net equity attributable to the owners of the Parent plus non-controlling interests.

The gearing ratios as of 30 June 2018 and 30 June 2017 were as follows:

| | | Group | |
|---------------------------------------|------|------------------|------------------|
| | Note | 2018 RM'000 | 2017 RM'000 |
| Bank borrowings | 22 | 699,916 | 676,959 |
| Senior medium term notes/Senior bonds | 23 | 157,808 | 159,425 |
| Hire purchase liabilities | 24 | 1,657 | 1,711 |
| Long term liabilities | 25 | 128,741 | 124,935 |
| Total debt | | <u>988,122</u> | <u>963,030</u> |
| Total equity | | <u>2,297,400</u> | <u>2,251,327</u> |
| Gearing ratio (%) | | <u>43</u> | <u>43</u> |

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 12 July 2016, Tropicfair Sdn Bhd, a wholly-owned subsidiary company of the Company had entered into a Share Sale Agreement with Violet Circle Sdn Bhd to acquire the remaining 50% equity interest in Megaquest Sdn Bhd for a total cash consideration of RM108.0 million.

As of the date of the financial statements were authorised for issue, the said acquisition is still pending.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTD.)

- (b) On 6 September 2017, the Company announced that it had proposed to undertake a share split involving the subdivision of every 1 existing ordinary share in the Company ("BAssets Shares") held on an entitlement date to be determined and announced later ("Entitlement Date"), into 2 ordinary shares of the Company ("Subdivided Shares") ("Share Split").

The Share Split will give rise to adjustments to the exercise price and number of Warrants 2008/2018 ("Additional BAssets Warrants") which are not exercised prior to the Entitlement Date pursuant to the provisions of the Company's Deed Poll dated 12 February 2008. Any necessary adjustments arising from the Proposed Share Split in relation to the outstanding Warrants 2008/2018 will only be finalised on the Entitlement Date.

On 23 November 2017, the Company announced that:

- (i) 1,279,135,359 BAssets Shares were subdivided into 2,558,270,718 Subdivided Shares; and
- (ii) 249,888,548 Additional BAssets Warrants will be issued.

The Subdivided Shares and Additional BAssets Warrants were listed and quoted on the Main Market of Bursa Securities on 24 November 2017.

- (c) On 29 March 2018, the Company announced that it proposed to undertake a bonus issue of up to 1,279,135,359 warrants on the basis of one warrant for every two existing ordinary shares held on the entitlement date. On 19 April 2018, the proposal was approved by the Bursa Securities. The proposal was approved by the shareholders of the Company at an extraordinary general meeting held on 21 May 2018.

The bonus issue of 1,279,135,359 Warrants 2018/2023 were listed and quoted on the Main Market of Bursa Securities on 13 June 2018.

- (d) On 10 April 2012, Berjaya Waterfront Sdn Bhd ("BWF"), a 100%-owned subsidiary of BAssets, had entered into an agreement to acquire lease interest in a parcel of land known as Lot No. PTB Lot PTB 20379 measuring about 4.285 acres ("Land") from Kelana Megah Sdn Bhd ("KMSB") for a cash consideration of RM27.99 million ("Agreement").

The Agreement is still pending certain conditions precedent to be fulfilled, which include, among others, the alienation of the Land by the State Government of Johor ("SGOJ") and the granting of a 99-year lease interest to KMSB ("Privatisation").

The SGOJ subsequently approved the Privatisation, subject to, among others, the payment of RM13.5 million as development returns ("Development Returns") for the Land to be alienated as a 99-year leasehold land. Hence, on completion date BWF will hold a 99-year leasehold Land instead of lease interest over the Land.

On 8 May 2018, BWF entered into a supplemental agreement with KMSB for the inclusion of the payment of the Development Returns and extension of the completion date of the Agreement to 9 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

49 SUBSIDIARY AND ASSOCIATED COMPANIES

| Name of Company | Country of Incorporation | Principal Activities | Proportion of ownership and voting power held by the Group | |
|-------------------------------------|--------------------------|--|--|--------|
| | | | 2018 % | 2017 % |
| Subsidiary Companies | | | | |
| Aroma Kiara Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Ascend Asap Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| BA Properties (Cayman) Limited | Cayman Islands | Investment holding | 100 | 100 |
| Berjaya Assets Alliance Sdn Bhd | Malaysia | Investment holding | 100 | - |
| Berjaya Consulting Services Sdn Bhd | Malaysia | Dormant | 100 | - |
| Berjaya Assets Food (BAF) Sdn Bhd | Malaysia | Operation of food and beverage business | 100 | 100 |
| [^] Berjaya Assets Pte Ltd | Singapore | Investment holding | 100 | 100 |
| Berjaya Times Square Sdn Bhd | Malaysia | Property investment, property development and investment holding | 100 | 100 |
| BTS (Cayman) Limited | Cayman Islands | Investment holding | 100 | 100 |
| Bumisuci Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Dayadil Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Fasa Budaya Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Ishandal Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Jernih Wiramas Sdn Bhd | Malaysia | Property investment and property development | 100 | 100 |
| * Natural Avenue Sdn Bhd | Malaysia | Number forecast lotteries in Sarawak | 65 | 65 |
| Rentas Padu Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Sapphire Transform Sdn Bhd | Malaysia | Property investment | 100 | 100 |
| # Sempurna Bahagia Sdn Bhd | Malaysia | Investment holding | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

49 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

| Name of Company | Country of Incorporation | Principal Activities | Proportion of ownership and voting power held by the Group | |
|---|--------------------------|--|--|--------|
| | | | 2018 % | 2017 % |
| Subsidiary Companies (contd.) | | | | |
| Berjaya Bright Sdn Bhd (formerly known as Sublime Cartel Sdn Bhd) | Malaysia | Provision of lottery consultancy and related services and investment holding | 100 | 100 |
| Sunrise Bonanza Sdn Bhd | Malaysia | Property investment and property development | 70 | 70 |
| Subsidiary of Aroma Kiara Sdn Bhd | | | | |
| [^] Berjaya Assembly Sdn Bhd (formerly known as Oriental Assemblers Sdn Bhd) | Malaysia | Vehicle assembly and the manufacturing and sales of engines and transmissions | 100 | 100 |
| Subsidiaries of Berjaya Times Square Sdn Bhd | | | | |
| Berjaya TS Management Sdn Bhd | Malaysia | Dormant | 100 | 100 |
| Berjaya Times Square Theme Park Sdn Bhd | Malaysia | Operations of theme park and leasing of theatre | 100 | 100 |
| Berjaya Waterfront Sdn Bhd | Malaysia | Property and investment holdings, operation of a hotel, and management of ferry terminal | 100 | 100 |
| BTS Cultural Centre Sdn Bhd | Malaysia | Dormant | 100 | 100 |
| BTS Car Park Sdn Bhd | Malaysia | Car park operator | 100 | 100 |
| Danau Laris Sdn Bhd | Malaysia | Dormant | 60 | 60 |
| Shasta Supermarket Sdn Bhd | Malaysia | Dormant | 100 | 100 |
| TS Service Suites Sdn Bhd | Malaysia | Property investment | 100 | 100 |
| 10th Avenue Food Mall Sdn Bhd | Malaysia | Dormant | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

49 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

| Name of Company | Country of Incorporation | Principal Activities | Proportion of ownership and voting power held by the Group | |
|--|--------------------------|---|--|--------|
| | | | 2018 % | 2017 % |
| Subsidiary Companies (contd.) | | | | |
| Subsidiary of BTS (Cayman) Limited | | | | |
| [^] Berjaya UK Investment & Development Limited | United Kingdom | Property investment | 70 | 70 |
| Subsidiary of Dayadil Sdn Bhd | | | | |
| Imej Jasa Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Subsidiaries of Imej Jasa Sdn Bhd | | | | |
| Bahagia Jiwa Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Muara Tebas Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Subsidiary of Natural Avenue Sdn Bhd | | | | |
| Petekat Sdn Bhd | Malaysia | General trading and commission agent | 100 | 100 |
| Subsidiary of Rentas Padu Sdn Bhd | | | | |
| Tropicfair Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| Subsidiary of Berjaya Waterfront Sdn Bhd | | | | |
| Jauhari Maksima Sdn Bhd | Malaysia | Property development | 52 | 52 |
| Associated Companies | | | | |
| [^] Jubli Mentari Sdn Bhd | Malaysia | Dormant | 30 | - |
| [^] Mantra Design Sdn Bhd | Malaysia | Provision of interior design and consulting services for land & building development projects | 49 | - |
| Megaquest Sdn Bhd | Malaysia | Investment holding | 50 | - |

* *Effective interest*

67% held by Bumisuci Sdn Bhd and 33% held by Ishandal Sdn Bhd

[^] *Audited by a firm other than Deloitte PLT*

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BERJAYA ASSETS BERHAD
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berjaya Assets Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 158.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

(forward)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD

Key Audit Matters

Key audit matters presented below are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| <i>Key audit matter</i> | <i>How the scope of our audit responded to the key audit matter</i> |
|---|--|
| <p>Valuation of Investment Properties</p> <p>As at 30 June 2018, the carrying amount of investment properties amounted to RM2,501,039,000 representing 78% and 70% of the Group's total non-current assets and total assets respectively.</p> <p>Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed independent professional valuers to perform valuations on its investment properties. The valuations are based on assumptions, amongst others, comparable historical transactions and adjustments factors to comparable transactions including location, size, condition, accessibility and design and market knowledge.</p> <p>Due to the significant judgement and estimates involved in determining the fair value of the investment properties that are highly subjective, this is one of the key judgemental areas that our audit is concentrated on.</p> <p>Refer to "Key estimates and assumptions" in Note 4(b)(vii) to the financial statements.</p> | <p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Assessed the objectivity, independence, reputation and expertise of the independent valuers; • Obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry; and • Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process. <p>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p> |

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD

| <i>Key audit matter</i> | <i>How the scope of our audit responded to the key audit matter</i> |
|---|--|
| <p>Review Impairment of Goodwill</p> <p>Goodwill on consolidation of RM22,194,000, RM1,301,000 and RM27,000 have been allocated to the Group's cash generating units ("CGUs") identified to the gaming and related activities business segment vehicle assembly business segment and the property investment business segment respectively as at 30 June 2018.</p> <p>Determining whether the goodwill is impaired requires management estimation of the recoverable amount. The recoverable amount is determined based on an estimation of the present value of future cash flows expected to be generated. The key bases and assumptions used in the estimation of the recoverable amount involve a significant degree of management judgement.</p> <p>Arising from the impairment assessment, the Group recognised an impairment loss in respect of the goodwill allocated to the Group's CGUs identified to the gaming and related activities business segment amounting to RM20,521,000.</p> <p>Refer to "Key estimates and assumptions" in Note 4(b)(i) to the financial statements.</p> | <p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Reviewed the soundness of the impairment model with the involvement of our internal valuation specialists. • Performed retrospective review of the cash flow projection used in the model to assess the reliability of management's estimates. • Challenged the reasonableness of the key bases and assumptions underpinning the model, including the discount rate and the terminal growth rate. We involved our internal valuation specialists to assist us in reviewing the appropriateness of the discount rate and terminal growth rate used. • Performed sensitivity analysis on key management assumptions to reflect reasonably possible future alternative scenarios. <p>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p> |

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD

| <i>Key audit matter</i> | <i>How the scope of our audit responded to the key audit matter</i> |
|--|--|
| <p>Additional Assessments Raised by the Inland Revenue Board of Malaysia (“IRB”)</p> <p>As disclosed in Note 40 to the financial statements, the IRB had issued Notice of Additional Assessment (“Forms JA”) in accordance with Section 4(a) of the Income Tax Act 1967 on gains from disposal of investment properties for the Years of Assessment (YAs) 2011 to 2014 to Berjaya Times Square Sdn Bhd (“BTSSB”), a wholly-owned subsidiary company of the Group with the amount of additional taxes assessed amounted to RM156.48 million, inclusive of tax penalties amounted to RM48.56 million.</p> <p>The IRB also commenced civil proceedings against BTSSB for the disputed tax assessments. The Special Commissioners of Income Taxes (“SCIT”) has fixed 14 December 2018 for a case management to update on the status of settlement negotiation on the dispute. Upon the grant of stay of proceedings, the taxes in dispute amounted to RM180.73 million, inclusive of tax penalties amounted to RM72.81 million, is disclosed as contingent liabilities.</p> <p>We consider this to be one of the key judgemental areas that our audit is concentrated on as the amounts involved are significant and the position taken by the management involved significant judgement and estimation. In addition, the management also relies on external legal opinions.</p> <p>Refer to “Key estimates and assumptions” in Note 4(a)(v) to the financial statements.</p> | <p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Reviewed the relevant tax documents furnished by the management. • Made inquiry of management about the tax issue and discussed with management, external legal advisor and our internal tax specialist about the potential tax exposure. • Obtained legal confirmations from the legal advisors engaged by BTSSB in relation to the tax issue. <p>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p> |

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements of the Group and of the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 49 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA ASSETS BERHAD

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

HUANG KHEAN YEONG
Partner - 02993/05/2020 J
Chartered Accountant

22 October 2018
Kuala Lumpur

LIST OF PROPERTIES

AS AT 30 JUNE 2018

| LOCATION | TENURE | SIZE | DESCRIPTION/ EXISTING USE | ESTIMATED AGE OF BUILDING | DATE OF ACQUISITION | NET CARRYING VALUE RM'000 |
|---|--|--------------------|--|---------------------------------|------------------------|------------------------------------|
| No. Geran 56069, Lot 2001, Section 52, Town and District of Kuala Lumpur (Berjaya Times Square, Jalan Imbi, Kuala Lumpur) | Freehold | 39,591 sq meter | Shopping-cum- leisure mall | >15 years | 8.7.1994 | 2,177,978 |
| No. Geran 56068, Lot 2000, Section 52, Town and District of Kuala Lumpur (No. 1, Jalan Imbi, Kuala Lumpur) | Freehold | 3,901 sq meter | Office building | >25 years | 8.7.1994 | |
| H.S. (D) 156049, P.T. No. 3338, Mukim Damansara, District of Petaling, Selangor Darul Ehsan. | Freehold | 513 sq meter | Bungalow | >36 years | 15.3.2011 | 1,850 |
| No. Geran 33664, Lot 165, Seksyen 0094, Bandar Kuala Lumpur, Wilayah Persekutuan | Freehold | 125 sq meter | Shop lot | >46 years | 10.1.2012 | 2,600 |
| No. Geran 49297, Lot 52, Seksyen 94, Bandar Kuala Lumpur, Wilayah Persekutuan | Freehold | 1,694 sq meter | Bungalow | >46 years | 31.12.2011 | 7,200 |
| Lots PTB 10707, PTB 20006, PTB 20380, PTB 20438, PTD 146378 & PTD 148062 , Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor. (Berjaya Waterfront, Johor Bahru) | Freehold with 99 years lease interest expiring on 30.10.2092 | 57,355 sq meter | 5-level shopping complex | 21 years | 10.4.2012 | 187,463 |
| | | | 12-level 400 rooms hotel, a ferry terminal, a custom & immigration building | 21 years | 10.4.2012 | 118,373 |
| Lot PTB 24317 & PTB 24318, Bandar Johor Bahru, Daerah Johor Negeri Johor. (Berjaya Waterfront, Johor Bahru) | Freehold with 99 years lease interest expiring on 30.10.2092 | 19,826 sq meter | Vacant land | N/A | 10.4.2012 | 36,300 |
| No. Geran 102261, Lot 21393, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor | Freehold | 5,377 sq meter | 76 office units on a purpose built office tower | 20 years | 29.4.2015 | 113,000 |

LIST OF PROPERTIES

AS AT 30 JUNE 2018

| LOCATION | TENURE | SIZE | DESCRIPTION/ EXISTING USE | ESTIMATED AGE OF BUILDING | DATE OF ACQUISITION | NET CARRYING VALUE RM'000 |
|--|---|---------------------------------|--|---------------------------------|------------------------|------------------------------------|
| Lot G-09, G-10, G-11 and G-12 Ground Floor, Berjaya Times Square, Jalan Imbi Kuala Lumpur | Freehold | 2,001 sq feet | Retail lots for rent | >15 years | 28.6.2012 | 40,200 |
| Lot 8189 & 8190, Town East, Jalan Pending, Kuching, Sarawak | Leasehold 60 years | 245 sq meter | 4-storey shop house/office building | 29 years | 13.7.1996 | 531 |
| No. 273 & 274, Lot 2545 & 2546 Centraland Commercial Park, Off Jalan Rock Kuching, Sarawak | Leasehold 60 years expiring on 5.5.2054 | 484.2 sq meter | 4-storey shop house/office building used as office and draw hall | 23 years | 31.8.2002 | 2,992 |
| The Collins Theatre 1 Essex Road, London N1 2SE | 999 years | Approximately 13,272 sq feet | Theatre and restaurant/ Retail shop | 22 years | 23.08.2012 | 27,010 |
| 1-17 Essex Road, London N1 2SE and 12A Islington Green, London N1 2XN London N12 SE | 150 years | 45,983 sq feet | 70 fully furnished residential units | 22 years | 15.08.2014 | 225,517 |
| Lot PTB 24119, Bandar of Johor Bahru, Daerah Johor Bahru, Negeri Johor. | Leasehold 99 years expiring on 18.1.2114 | 25.034 hectares | Sea bed for reclamation | N/A | 9.11.2014 | 73,615 |
| 99 & 99A-C, Jalan Tampoi, 81200 Johor Bahru, Johor. | Leasehold 60 years expiring on 2031 | 217,183 sq feet | Multi-storey car park | 21 years | 01.11.1997 | 31,256 |
| | | 424,658 sq feet | Assembly plant & admin office | 50 years | 22.04.1968 | |

NOTE:

The Group does not adopt a policy of regular valuation of its properties except for investment properties which are stated at fair value.

OTHER INFORMATION

MATERIAL CONTRACTS

Other than as disclosed in Notes 15, 22, 23, 27, 33, 41, 42 and 48 of the financial statements for the financial year ended 30 June 2018 neither Berjaya Assets Berhad nor any of its subsidiaries had entered into any material contracts, involving Directors and major shareholders.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 30 June 2018 amounted to RM80,000.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

| Berjaya Assets Berhad ("BAssets") Group with the following Related Parties | BAssets and/or its subsidiary companies | Nature of transactions | Amount transacted RM'000 |
|---|---|--|--------------------------|
| Berjaya Corporation Berhad ("BCorporation") and/or its unlisted subsidiary companies:- | | | |
| BCorporation and its subsidiary companies | BTS Car Park Sdn Bhd | Parking charges receivable | 386 |
| Inter-Pacific Trading Sdn Bhd | BAssets Group | Purchase of stationery products and printing services | 46 |
| Berjaya Registration Services Sdn Bhd ("BRegistration") | BAssets | Receipt of share registration services | 60 |
| | BTSSB | Rental income receivable for renting of office at Lot 10-02A, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 265 |
| Berjaya Burger Sdn Bhd | BTSSB | Rental income receivable for renting of café at Lots 03-89, 3rd Floor and office at Lots 09-16, 17, 18&19, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 323 |
| | Berjaya Waterfront Sdn Bhd | Rental income receivable for renting of shoplots at Lot 2.02.1, Level 2, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru | 16 |
| Berjaya Higher Education Sdn Bhd | BTSSB | Rental income receivable for renting of premises at Lot 14-01, 14th Floor, and Lots 09-23, 09-24, 09-25, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 1,279 |
| Berjaya College Sdn Bhd | BAssets Group | Rental income receivable for renting of premises at Lots 10-11, 10-12 & 10-12A, 10th Floor and Lot 11-02A, 11th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 569 |
| Prime Credit Leasing Sdn Bhd | BAssets Group | Receipt of leasing and hire purchase facilities by BAssets Group | 67 |
| Berjaya Hills Resorts Berhad | BTSSB | Rental income receivable for renting of office at Lots 08-66 & 08-67, 8th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 69 |
| Cosway (M) Sdn Bhd | BTSSB | Rental income receivable for renting of shoplots at LG-12 & LG-20, Lower Ground Floor, and Lots 08-52 & 08-53, 8th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 502 |
| | Berjaya Waterfront Sdn Bhd | Rental income receivable for renting of shoplots at Lot 2.40, Level 2, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru | 30 |
| Kimia Suchi Marketing Sdn Bhd | BAssets Group | Purchase of cleaning chemical products | 1 |
| RU Café Sdn Bhd | Sapphire Transform Sdn Bhd & BTSSB | Rental income receivable for renting of office at Lot 09-05, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 126 |

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

| Berjaya Assets Berhad ("BAssets") Group with the following Related Parties | BAssets and/or its subsidiary companies | Nature of transactions | Amount transacted RM'000 |
|---|--|---|---------------------------------|
| Berjaya Krispy Kreme Doughnuts Sdn Bhd | BTSSB | Rental income receivable for renting of office at Lots 08-29, 08-30, 08-32 & 08-33, 8th Floor, and for renting of kiosk at Lot LG-19C, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 96 |
| KUB-Berjaya Enviro Sdn Bhd | BTSSB | Rental income receivable for renting of office at Lots 09-01, 09-02 & 09-03, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 251 |
| Roasters Asia Pacific (M) Sdn Bhd | BTSSB | Rental income receivable for renting of office at Lot 07-24, 7th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 145 |
| Berjaya Engineering Construction Sdn Bhd | BTSSB | Rental income receivable for renting of office at Lots 09-37 & 09-39, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 40 |
| BLoyalty Sdn Bhd | BAssets Group | Provision for promotion, advertising and publishing services | 44 |
| E.V.A. Management Sdn Bhd | BAssets Group | Provision of human resources management services | 7 |
| Inter-Pacific Securities Sdn Bhd | BTSSB | Rental income receivable for renting of broadcasting facility at TB Roof 02C, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 6 |
| Berjaya China Motor Sdn Bhd | Berjaya Assembly Sdn Bhd | Provision of vehicle assembly related services | 1,510 |
| Boxit Holdings Sdn Bhd | BTSSB | Rental income receivable for renting of retail space at LG-21A, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 2 |
| Berjaya Land Berhad ("BLand") and/or its unlisted subsidiary companies:- | | | |
| BLand | BAssets | Management fees payable for services rendered include inter-alia the provision of finance, corporate, secretarial, internal audit and general administrative services | 240 |
| BLand and its subsidiary companies | BTS Car Park Sdn Bhd | Parking charges receivable | 210 |
| Budi Impian Sdn Bhd | BTSSB | Rental income receivable for renting of shoplots at Lots LG-73, 74 & 74A, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur. | 181 |
| Marvel Fresh Sdn Bhd | BTSSB | Rental income receivable for renting of storage space at G-37, Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 38 |
| Berjaya Guard Services Sdn Bhd | BAssets Group | Receipt of security guard services | 242 |

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

| Berjaya Assets Berhad ("BAssets") Group with the following Related Parties | BAssets and/or its subsidiary companies | Nature of transactions | Amount transacted RM'000 |
|---|--|---|---------------------------------|
| ANSA Hotel KL Sdn Bhd | Berjaya Assets Food (BAF) Sdn Bhd | Rental expense payable for renting of café at Lot No 0.2, Ground Floor and for renting of store room at Lot No B-06, Basement Floor, 101, Jalan Bukit Bintang, Kuala Lumpur | 716 |
| Berjaya Hotels & Resorts (M) Sdn Bhd | BTSSB | Rental income receivable for renting of office at Lot 15-04, 15th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 90 |
| <u>Berjaya Sports Toto Berhad ("BToto") and/or its unlisted subsidiary companies:-</u> | | | |
| BToto and its subsidiary companies | BTS Car Park Sdn Bhd | Parking charges receivable | 460 |
| International Lottery & Totalizator Systems, Inc | Natural Avenue Sdn Bhd | Procurement of computerised lottery system and related services | 634 |
| Sports Toto Fitness Sdn Bhd | BTSSB | Rental income receivable for renting of gym at Lot 06-11, 6th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 516 |
| <u>Berjaya Media Berhad ("BMedia") and/or its unlisted subsidiary company:-</u> | | | |
| Sun Media Corporation Sdn Bhd | BAssets Group | Procurement of promotion, advertising and publishing services | 11 |
| <u>Berjaya Food Berhad ("BFood") and/or its unlisted subsidiary companies:-</u> | | | |
| BFood and its subsidiary companies | BTS Car Park Sdn Bhd | Parking charges receivable | 140 |
| Berjaya Roasters (M) Sdn Bhd | BTSSB | Rental income receivable for renting of shoplot at Lot 03-85, 03-85A, 3rd Floor and office at Lots 09-06 to 09-13, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 643 |
| | Berjaya Waterfront Sdn Bhd | Rental income receivable for renting of shoplots at Lot 1.29 to 1.30, Level 1, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru | 12 |
| Berjaya Starbucks Coffee Company Sdn Bhd | BTSSB | Rental income receivable for renting of café at Lot G-09C, D & G, Ground Floor, walkway area, Lot 01-01-28, 1st Floor, office at Lots 09-19 to 09-21, 9th floor, 10-02 & 10-02C, 10th Floor and storage space at Lot 10-01E, 10-10E, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 776 |
| | Berjaya Waterfront Sdn Bhd | Rental income receivable for renting of shoplots at Lots 1.31 to 1.33, Level 1, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru | 111 |

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

| Berjaya Assets Berhad ("BAssets") Group with the following Related Parties | BAssets and/or its subsidiary companies | Nature of transactions | Amount transacted RM'000 |
|---|---|--|--------------------------|
| 7-Eleven Malaysia Holdings Berhad ("SEM") and/or its unlisted subsidiary company:- | | | |
| 7-Eleven Malaysia Sdn Bhd (a) | BTSSB | Rental income receivable for renting of shoplots and storage space at Lot G-37B, Ground Floor, Lots 01-16 & 01-22, 1st Floor, Lot 03-96C, 3rd Floor, Lots 05-92, 5th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur. | 559 |
| | BTS Car Park Sdn Bhd | Parking charges receivable | 5 |
| | Berjaya Waterfront Sdn Bhd | Rental income receivable for renting of shoplots at Lot 1.28, Level 1, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru | 10 |
| Other related parties:- | | | |
| Ascot Sports Sdn Bhd ("Ascot") (b) | BTSSB | Rental income receivable for renting of office at Lots 10-01 & 10-01A, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 661 |
| Thai Odyssey Group Sdn Bhd (c) | BTSSB | Rental income receivable for renting of shoplot at Lot LG- 55, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 230 |
| Intan Utilities Berhad ("Intan") (d) | BTS Car Park Sdn Bhd | Parking charges receivable | 5 |
| Roda Indah Motors Sdn Bhd (d) | | | 2 |
| Wilayah Motor Sdn Bhd (d) | | | 12 |
| UPC Management Services Sdn Bhd (d) | | | 2 |
| U Mobile Sdn Bhd ("UMSB") (e) | BTSSB | Rental income receivable for renting of shoplot at Lot G-17A, Ground Floor, office and storage space at Lots 08-06 to 08-13A, 08-74D, 8th Floor and 10-01C, 10th Floor broadcasting facility at TB Roof 04 and 09-CP-01, L-CPA, car park of Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 3,601 |
| | Berjaya Waterfront Sdn Bhd | Rental income receivable for renting of shoplot at Lot L2G2, Level 2, Berjaya Waterfront Complex, Jalan Ibrahim Sultan, Stulang Laut, Johor Bahru | 34 |
| | BTS Car Park Sdn Bhd | Parking charges receivable | 622 |

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

| Berjaya Assets Berhad ("BAssets") Group with the following Related Parties | BAssets and/or its subsidiary companies | Nature of transactions | Amount transacted RM'000 |
|--|---|---|--------------------------|
| MOL AccessPortal Sdn Bhd (f) | BTSSB | Rental income receivable for renting of office at Lots 07-01 & 07-01A, 7th Floor, Lots 08-01, 08-64 & 08-77A-2, 8th Floor and shoplots at Lots 08-01A & 08-02, 8th Floor, Lots 09-62, 09-63, 09-64 & 09-97, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 1,200 |
| | BTS Car Park Sdn Bhd | Parking charges receivable | 15 |
| Adcas Lifescience Sdn Bhd (g) | BTSSB | Rental income receivable for renting of shoplot at Lots 09-71, 09-72, 09-73 & 09-73A, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 54 |
| | BTS Car Park Sdn Bhd | Parking charges receivable | 6 |
| Adcas Product Sdn Bhd | BTSSB | Rental income receivable for renting of shoplot at Lots 09-83, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 13 |
| Mode Fair Sdn Bhd ("MFSB") (h) | BTSSB | Rental income receivable for renting shoplots at Lot 09-88 to 09-90, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 89 |
| | BTS Car Park Sdn Bhd | Parking charges receivable | 5 |
| ANSA Broadcast Sdn Bhd | BTSSB | Rental income receivable for renting of shoplot at Lot 06- 19, 6th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 74 |
| REDtone and its subsidiary companies | BTSSB | Rental receivable for renting of rooftop space at Lot No.TB-Roof-02B & TB-Roof-02D, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 73 |
| Berjaya Sampo Insurance Bhd | BSI | Provision of insurance on spare parts purchased from BCM | 4 |
| Grand Total | | | 18,136 |

Notes:

- A wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"). SEM is in turn 36.65% owned by Berjaya Retail Berhad ("BRetail") and deemed a related party by virtue of Tan Sri Vincent Tan's deemed interest in BRetail.
- A company in which TSVT and his son Dato' Sri Robin Tan Yeong Ching ("DSRT") have interests. DSRT and his brother, Rayvin Tan Yeong Sheik are directors of Ascot.
- A company in which Tan Sri Dato' Tan Chee Sing ("TSDT"), the brother of TSVT is a deemed major shareholder. TSDT ceased to be a deemed major shareholder of Thai Odyssey Group Sdn Bhd as at 28 March 2018.
- A company in which TSVT has deemed interests.
- Deemed a related party by virtue of TSVT's direct and deemed interests in UMSB. TSVT is also the Chairman of UMSB.
- A wholly-owned subsidiary company of MOL Global, Inc ("M-Global"). TSVT and BCorporation are major shareholders of M-Global. TSVT has ceased to be the shareholder of M-Global as at 8 February 2018.
- Dato' Hajjah Zurainah Binti Musa is a major shareholder and director of Adcas. She has ceased to be a shareholder and director of Adcas on the 25 October 2017.
- Morvin Tan U Jiang ("MTUJ"), the child of TSVT and Director of BAssets, is a major shareholder of MFSB. MTUJ has resigned as a director of MFSB as at 27 February 2018.

STATISTICS ON SHARES AND WARRANTS

AS AT 1 OCTOBER 2018

ANALYSIS OF SHAREHOLDINGS IN ORDINARY SHARES

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|------------------------|---------------------|---------------|----------------------|---------------|
| Less than 100 | 335 | 9.24 | 8,956 | 0.00 |
| 100 -1,000 | 529 | 14.58 | 148,062 | 0.01 |
| 1,001 – 10,000 | 1,243 | 34.27 | 7,497,494 | 0.29 |
| 10,001 – 100,000 | 1,130 | 31.16 | 38,218,012 | 1.49 |
| 100,001 – 127,913,535 | 387 | 10.67 | 1,878,302,494 | 73.42 |
| 127,913,536* and above | 3 | 0.08 | 634,095,700 | 24.79 |
| Total | 3,627 | 100.00 | 2,558,270,718 | 100.00 |

Note:

Each share entitles the holder to one vote.

* Denotes 5% of the total number of issued shares of the Company.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares | % |
|-----|--|---------------|-------|
| 1. | DYMM Sultan Ibrahim Johor | 315,900,000 | 12.35 |
| 2. | BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for B & B Enterprise Sdn Bhd | 181,300,700 | 7.09 |
| 3. | Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Sri Dato' Seri Vincent Tan Chee Yioun (8087489) | 136,895,000 | 5.35 |
| 4. | Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00856-003) | 120,000,000 | 4.69 |
| 5. | Berjaya Sampo Insurance Berhad | 110,585,000 | 4.32 |
| 6. | Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Malayan Banking Berhad (MBB2 Swap-M) | 110,000,000 | 4.30 |
| 7. | RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 95,000,000 | 3.71 |
| 8. | CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (49877 PDZM) | 89,000,000 | 3.48 |
| 9. | MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MGN-VTC0001M) | 71,100,000 | 2.78 |
| 10. | Abd Rahman Bin Soltan | 60,000,000 | 2.35 |
| 11. | BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 60,000,000 | 2.35 |

STATISTICS ON SHARES AND WARRANTS

AS AT 1 OCTOBER 2018

| No. | Name of Shareholders | No. of Shares | % |
|-----|---|---------------|-------|
| 12. | Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd | 51,398,600 | 2.01 |
| 13. | RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Portal Access Sdn Bhd | 49,900,000 | 1.95 |
| 14. | Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 44,000,000 | 1.72 |
| 15. | RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd | 41,015,200 | 1.60 |
| 16. | Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 40,200,000 | 1.57 |
| 17. | Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Berjaya Land Berhad | 38,000,000 | 1.49 |
| 18. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pantai Cemerlang Sdn Bhd | 35,150,000 | 1.37 |
| 19. | CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (Singer CBM) | 32,000,000 | 1.25 |
| 20. | Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Berjaya VTCY Sdn Bhd (01-00856-001) | 31,164,492 | 1.22 |
| 21. | Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00820-000) | 30,000,000 | 1.17 |
| 22. | Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MX3999) | 30,000,000 | 1.17 |
| 23. | HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Berjaya Land Berhad (BBB) | 28,260,000 | 1.10 |
| 24. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fabulous Channel Sdn Bhd (AF0010) | 27,840,000 | 1.09 |
| 25. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd IPM for Ong Kar Beau | 27,400,000 | 1.07 |
| 26. | Ambilan Imej Sdn Bhd | 27,073,054 | 1.06 |
| 27. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Arsam Bin Damis (IPM) | 26,180,000 | 1.02 |
| 28. | RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 25,600,000 | 1.00 |
| 29. | CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Portal Access Sdn Bhd (G-CBDT4-RC2) | 24,702,000 | 0.97 |
| 30. | Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chee Sing (514057695025) | 24,000,000 | 0.94 |
| | | 1,983,664,046 | 77.54 |

STATISTICS ON SHARES AND WARRANTS

AS AT 1 OCTOBER 2018

ANALYSIS OF HOLDINGS IN WARRANTS (“WARRANT 2018/2023”)

| Size of Warrant Holdings | No. of Warrant 2018/2023 Holders | % | No. of Warrants 2018/2023 | % |
|--------------------------|----------------------------------|---------------|---------------------------|---------------|
| Less than 100 | 467 | 13.80 | 13,454 | 0.00 |
| 100 -1,000 | 620 | 18.31 | 273,037 | 0.02 |
| 1,001 – 10,000 | 1,359 | 40.15 | 7,006,022 | 0.55 |
| 10,001 – 100,000 | 658 | 19.44 | 23,310,356 | 1.82 |
| 100,001 – 63,956,767 | 278 | 8.21 | 940,784,990 | 73.55 |
| 63,956,768* and above | 3 | 0.09 | 307,747,500 | 24.06 |
| Total | 3,385 | 100.00 | 1,279,135,359 | 100.00 |

Note:

* Denotes 5% of the Warrants 2018/2023 outstanding.

LIST OF THIRTY (30) LARGEST WARRANT 2018/2023 HOLDERS

| No. | Name of Warrant 2018/2023 Holders | No. of Warrants 2018/2023 | % |
|-----|---|---------------------------|-------|
| 1. | DYMM Sultan Ibrahim Johor | 156,800,000 | 12.26 |
| 2. | BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for B & B Enterprise Sdn Bhd | 82,500,000 | 6.45 |
| 3. | Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato’ Seri Vincent Tan Chee Yioun (8087489) | 68,447,500 | 5.35 |
| 4. | Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Sri Dato’ Seri Vincent Tan Chee Yioun (01-00856-003) | 60,000,000 | 4.69 |
| 5. | Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Malayan Banking Berhad (MBB2 Swap-M) | 55,000,000 | 4.30 |
| 6. | RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato’ Seri Vincent Tan Chee Yioun | 47,500,000 | 3.71 |
| 7. | CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato’ Seri Vincent Tan Chee Yioun (49877 PDZM) | 44,500,000 | 3.48 |
| 8. | MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato’ Seri Vincent Tan Chee Yioun (MGN-VTC0001M) | 33,000,000 | 2.58 |
| 9. | Abd Rahman Bin Soltan | 30,000,000 | 2.35 |
| 10. | BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato’ Seri Vincent Tan Chee Yioun | 30,000,000 | 2.35 |
| 11. | Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd | 25,699,300 | 2.01 |

STATISTICS ON SHARES AND WARRANTS

AS AT 1 OCTOBER 2018

| No. | Name of Warrant 2018/2023 Holders | No. of Warrants 2018/2023 | % |
|-----|---|------------------------------|--------------|
| 12. | RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Portal Access Sdn Bhd | 24,950,000 | 1.95 |
| 13. | Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 22,000,000 | 1.72 |
| 14. | RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd | 20,507,600 | 1.60 |
| 15. | Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 20,100,000 | 1.57 |
| 16. | Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Berjaya Land Berhad | 19,000,000 | 1.49 |
| 17. | Berjaya Sompoo Insurance Berhad | 18,470,000 | 1.44 |
| 18. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pantai Cemerlang Sdn Bhd | 17,500,000 | 1.37 |
| 19. | CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (Singer CBM) | 16,000,000 | 1.25 |
| 20. | Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Berjaya VTCY Sdn Bhd (01-00856-001) | 15,582,246 | 1.22 |
| 21. | Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00820-000) | 15,000,000 | 1.17 |
| 22. | Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MX3999) | 15,000,000 | 1.17 |
| 23. | Berjaya Land Berhad | 14,230,135 | 1.11 |
| 24. | Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 14,000,000 | 1.09 |
| 25. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fabulous Channel Sdn Bhd (AF0010) | 13,920,000 | 1.09 |
| 26. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd IPM for Ong Kar Beau | 13,700,000 | 1.07 |
| 27. | Ambilan Imej Sdn Bhd | 13,536,527 | 1.06 |
| 28. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Arsam Bin Damis (IPM) | 13,090,000 | 1.02 |
| 29. | RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 12,800,000 | 1.00 |
| 30. | CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Portal Access Sdn Bhd (G-CBDT4-RC2) | 12,351,000 | 0.97 |
| | | 945,184,308 | 73.89 |

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 1 OCTOBER 2018

The Company

| Name of Director | No. of Ordinary Shares | | | |
|--|------------------------|------|-----------------|---|
| | Direct Interest | % | Deemed Interest | % |
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail | 200,000 | 0.01 | - | - |

| Name of Director | No. of Warrant 2018/2023 | | | |
|--|--------------------------|------|-----------------|---|
| | Direct Interest | % | Deemed Interest | % |
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail | 100,000 | 0.01 | - | - |

Subsidiary Company - Jauhari Maksima Sdn Bhd

| Name of Director | No. of Ordinary Shares | | | |
|--|------------------------|----|-----------------|---|
| | Direct Interest | % | Deemed Interest | % |
| YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail | 380,000 | 38 | - | - |

Save as disclosed, none of the other Directors of the Company had any interests in the shares and warrants of the Company or its related corporations as at 1 October 2018.

SUBSTANTIAL SHAREHOLDERS

AS AT 1 OCTOBER 2018

| Names of Substantial Shareholders | ← No. of Ordinary Shares → | | | |
|---|----------------------------|-------|----------------------------|-------|
| | Direct Interest | % | Deemed Interest | % |
| Tan Sri Dato' Seri Vincent Tan Chee Yioun | 826,740,000 | 32.32 | 755,010,006 ^(a) | 29.51 |
| Berjaya Land Berhad | 66,528,270 | 2.60 | 156,730,424 ^(b) | 6.13 |
| Teras Mewah Sdn Bhd | - | - | 223,258,694 ^(c) | 8.73 |
| Berjaya Capital Berhad | 16,850,000 | 0.66 | 144,658,054 ^(d) | 5.65 |
| Juara Sejati Sdn Bhd | - | - | 384,766,748 ^(e) | 15.04 |
| Berjaya Group Berhad | - | - | 384,766,748 ^(f) | 15.04 |
| Berjaya Corporation Berhad | - | - | 384,766,748 ^(g) | 15.04 |
| DYMM Sultan Ibrahim Johor | 315,900,000 | 12.35 | - | - |
| B & B Enterprise Sdn Bhd | 185,484,700 | 7.25 | 221,250 ^(h) | 0.01 |

Notes:

- (a) Deemed interested by virtue of his interests in Berjaya Corporation Berhad, Hotel Resort Enterprise Sdn Bhd, B & B Enterprise Sdn Bhd (the holding Company of Auto Tulin Sdn Bhd), Berjaya VTCY Sdn Bhd, MOL.com Sdn Bhd (the ultimate holding Company of Lim Kim Hai Sales & Services Sdn Bhd) and his deemed interests in Berjaya Infrastructure Sdn Bhd and Berjaya Retail Berhad.
- (b) Deemed interested by virtue of its 100% interests in Portal Access Sdn Bhd, Immediate Capital Sdn Bhd, BTS Hotel Sdn Bhd and Nada Embun Sdn Bhd as well as its interests in Berjaya Sports Toto Berhad (the holding company of Magna Mahsuri Sdn Bhd and Berjaya Philippines Inc.) and KDE Recreation Berhad.
- (c) Deemed interested by virtue of its interest in Berjaya Land Berhad.
- (d) Deemed interested by virtue of its interests in Ambilan Imej Sdn Bhd, Inter-Pacific Capital Sdn Bhd and Berjaya Sampo Insurance Berhad.
- (e) Deemed interested by virtue of its interests in Berjaya Land Berhad and Berjaya Capital Berhad.
- (f) Deemed interested by virtue of its 100% interests in Teras Mewah Sdn Bhd and Juara Sejati Sdn Bhd.
- (g) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.
- (h) Deemed interested by virtue of its interest in Auto Tulin Sdn Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Eighth Annual General Meeting of the Company will be held at Manhattan III, Level 14, Berjaya Times Square Hotel, Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 29 November 2018 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 June 2018 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM120,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2018. **Resolution 1**
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM488,000.00 for the period from 30 November 2018 until the next Annual General Meeting of the Company to be held in 2019. **Resolution 2**
4. To re-elect the following Directors who retire pursuant to Article 102 of the Company's Articles of Association and who being eligible, offer themselves for re-election:
 - a) Chan Kien Sing **Resolution 3**
 - b) Datuk Robert Yong Kuen Loke **Resolution 4**
 - c) Chryseis Tan Sheik Ling **Resolution 5**
5. To re-appoint Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**
6. As special business:-

To consider and, if thought fit, pass the following Ordinary Resolutions:

(i) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT, subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 7

(ii) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun as specified in Section 2.3 of the Circular to Shareholders dated 30 October 2018 ("Proposed Mandate I") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

NOTICE OF ANNUAL GENERAL MEETING

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution for the Proposed Mandate I was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

Resolution 8

(iii) Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato’ Seri Vincent Tan Chee Yioun and Companies in which DYMM Sultan Ibrahim Johor is a Major Shareholder

“THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato’ Seri Vincent Tan Chee Yioun and companies in which DYMM Sultan Ibrahim Johor is also a major shareholder respectively as specified in Section 2.3 of the Circular to Shareholders dated 30 October 2018 (“Proposed Mandate II”) which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution for the Proposed Mandate II was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

Resolution 9

NOTICE OF ANNUAL GENERAL MEETING

(iv) Proposed Renewal of Authority for the Company to Purchase its Own Shares

“THAT, subject always to the Companies Act 2016, (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Exchange”) and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company (“BAssets Shares”) through the Exchange and to take all such steps as are necessary (including the opening and maintaining of central depositories accounts under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
3. the authority shall commence immediately upon passing of this ordinary resolution until:-
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND THAT upon completion of the purchase(s) of the BAssets Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BAssets Shares so purchased by the Company in the following manner:-

- (a) cancel all the BAssets Shares so purchased; or
- (b) retain all the BAssets Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- (c) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force.”

Resolution 10

NOTICE OF ANNUAL GENERAL MEETING

(v) Proposed Retention of Independent Non-Executive Director

“THAT Heng Kiah Choong be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been an Independent Director on the Board of the Company for a cumulative term of more than twelve years.”

Resolution 11

(vi) Proposed Retention of Independent Non-Executive Director

“THAT Dato’ Mohd Salleh Bin Ahmad be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been an Independent Director on the Board of the Company for a cumulative term of more than twelve years.”

Resolution 12

By Order of the Board

WONG SIEW GUEK
(MAICSA 7042922)
Secretary

Kuala Lumpur
30 October 2018

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016 ("CA 2016"). Hence, this item on the Agenda is not put forward for voting.

2. Directors' Fees

The quantum of the Directors' Fees for each of the Non-Executive Directors for the financial year ended 30 June 2018 is same as in the previous financial year ended 30 June 2017.

3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the CA 2016 provides that the 'fees' of the directors and 'any benefits' payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Accordingly, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for the payment of Directors' Remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company for the period from 30 November 2018 until the next AGM of the Company under Resolution 2.

The current Directors' Remuneration (excluding Directors' fees) payable to the Non-Executive Directors for the Company comprises of meeting allowances and other emoluments.

In determining the estimated amount of remuneration payable to the Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board"), Board Committees and general meetings of the Company as well as the number of Non-Executive Directors involved in these meetings.

In the event where the payment of Directors' Remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

4. Authority to issue and allot shares pursuant to Sections 75 and 76 of the CA 2016

Resolution 7 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the CA 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fifty-Seventh AGM held on 28 November 2017 and which will lapse at the conclusion of the Fifty-Eighth AGM.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects(s), working capital and/or acquisitions.

5. Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun

Resolution 8, if passed, will allow the Company and its subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate I"). Detailed information on the Proposed Shareholders' Mandate I is set out under Part A of the Circular/Statement to Shareholders dated 30 October 2018 which is despatched together with the Company's 2018 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

6. Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and Companies in which DYMM Sultan Ibrahim Johor is a Major Shareholder

Resolution 9, if passed, will allow the Company and its subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which DYMM Sultan Ibrahim Johor is also a major shareholder respectively in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate II"). Detailed information on the Proposed Shareholders' Mandate II is set out under Part A of the Circular/Statement to Shareholders dated 30 October 2018 which is despatched together with the Company's 2018 Annual Report.

7. Proposed Renewal of Authority for the Company to Purchase its Own Shares

Resolution 10, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 30 October 2018 which is despatched together with the Company's 2018 Annual Report.

8. Proposed Retention of Independent Non-Executive Directors

Resolution 11 and Resolution 12 are proposed pursuant to the Malaysian Code of Corporate Governance and if passed, will allow Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad to be retained and to continue to act as Independent Non-Executive Directors of the Company.

The full details of the Board's justifications for the retention of Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad is set out in the Corporate Governance Overview Statement in the Company's 2018 Annual Report.

9. Proxy and Entitlement of Attendance

- (i) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
- (ii) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- (iii) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- (iv) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
- (v) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
- (vi) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
- (vii) Only members whose names appear in the Record of Depositors as at 22 November 2018 shall be entitled to attend and vote at the meeting.

10. Poll voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

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FORM OF PROXY



I/We _____
(Name in full)

I.C. or Company No. _____ CDS Account No. _____
(New and Old I.C. Nos.)

of _____
(Address)

being a member/members of BERJAYA ASSETS BERHAD hereby appoint:

_____ I.C. No. _____
(Name in full) (New and Old I.C. Nos.)

of _____
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Fifty-Eighth Annual General Meeting of the Company to be held at Manhattan III, Level 14, Berjaya Times Square Hotel, Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 29 November 2018 at 10:00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

| | FOR | AGAINST |
|---|-----|---------|
| RESOLUTION 1 - To approve payment of Directors' fees for financial year ended 30 June 2018. | | |
| RESOLUTION 2 - To approve payment of Directors' Remuneration (excluding Directors' Fees) for the period from 30 November 2018 until the next Annual General Meeting of the Company. | | |
| RESOLUTION 3 - To re-elect Chan Kien Sing as Director. | | |
| RESOLUTION 4 - To re-elect Datuk Robert Yong Kuen Loke as Director. | | |
| RESOLUTION 5 - To re-elect Chryseis Tan Sheik Ling as Director. | | |
| RESOLUTION 6 - To re-appoint auditors. | | |
| RESOLUTION 7 - To approve authority to issue and allot shares. | | |
| RESOLUTION 8 - To renew and to seek shareholders' mandate for Recurrent Related Party Transactions with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun. | | |
| RESOLUTION 9 - To renew and to seek shareholders' mandate for Recurrent Related Party Transactions with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and Companies in which DYMM Sultan Ibrahim Johor is a major shareholder. | | |
| RESOLUTION 10 - To renew authority for the Company to purchase its own shares. | | |
| RESOLUTION 11 - To approve the proposed retention of Heng Kiah Choong as an Independent Non-Executive Director. | | |
| RESOLUTION 12 - To approve the proposed retention of Dato' Mohd Salleh Bin Ahmad as an Independent Non-Executive Director. | | |

| No. of shares held |
|--------------------|
| |

Signature(s)/Common Seal of Member(s) _____

Dated this _____ day of _____, 2018.

Notes:

1. A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
2. A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
3. An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
4. An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
5. An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
6. The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
7. Only members whose names appear in the Record of Depositors as at 22 November 2018 shall be entitled to attend and vote at the meeting.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

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Affix Stamp

THE COMPANY SECRETARY
BERJAYA ASSETS BERHAD (3907-W)
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1 JALAN IMBI
55100 KUALA LUMPUR

2nd fold here

1st fold here

GROUP ADDRESSES

BERJAYA TIMES SQUARE SDN BHD

Corporate Office:

Lot 08-16, P.O Box. 08-23
Level 8, Berjaya Times Square
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Fax : 03-2143 3055
berjayatimesquarekl.com

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Stulang Laut
80300 Johor Bahru
Johor Darul Takzim
Tel : 07-221 8000
Fax : 07-221 9000
www.berjayawaterfront.com.my

BERJAYA ASSETS FOOD (BAF) SDN BHD

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No. 1 Jalan Imbi 55100 Kuala Lumpur
www.greyhoundcafe.com.my

BERJAYA ASSEMBLY SDN BHD (FORMERLY KNOWN AS ORIENTAL ASSEMBLERS SDN BHD)

99 & 99A-C, Jalan Tampoi
81200 Johor Bahru
Johor Darul Takzim
Tel : 07-236 1400
Fax : 07-237 2166

NATURAL AVENUE SDN BHD

Head Office:

Lot 8189 & 8190
Town East, Jalan Pending
93450 Kuching
Sarawak
Tel : 082-333 666
Fax : 082-330 188
www.cashsweep.com.my

Regional Office:

Kuching Regional Office

No. 273-274, Lot 2545-2546
Centraland Commercial Park
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93200 Kuching
Sarawak
Tel : 082-233 466
Fax : 082-233 467

Sibu Regional Office

No. 7, Lorong Wong King Huo 1D
96000 Sibu
Sarawak
Tel : 084-320 202
Fax : 084-320 246

Miri Regional Office

Lot 627, Ground Floor
Jalan Sim Chieng Kay
Off North Yu Seng Road
98000 Miri
Sarawak
Tel : 085-415 331
Fax : 085-415 336

berjayatimesquarekl.com
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