

BERJAYA ASSETS BERHAD
(REGISTRATION NO.: 196001000237) (3907-W)

20 February 2020

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

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BERJAYA ASSETS BERHAD
(REGISTRATION NO.: 196001000237) (3907-W)

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

	Group	
	As at 31/12/19	As at 30/06/19
	RM'000	(Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	289,180	279,710
Investment properties	2,505,941	2,499,865
Inventories - land held for development	74,693	74,693
Prepaid lease payments	4,325	4,475
Associated company	14,595	3,077
Joint ventures	14,360	14,055
Investments	220,416	240,651
Deferred tax assets	13,063	13,063
Intangible assets	13,726	16,058
Receivables	2,679	2,037
	3,152,978	3,147,684
CURRENT ASSETS		
Inventories - others	197,330	196,611
Receivables	59,903	75,499
Tax recoverable	-	4
Deposits with licensed banks	42,338	59,190
Cash and bank balances	27,180	35,028
	326,751	366,332
TOTAL ASSETS	3,479,729	3,514,016
EQUITY		
Share capital	1,538,120	1,538,120
Reserves :		
Foreign currency translation reserve	7,125	6,537
Fair value through other comprehensive income ("FVTOCI") reserve	(134,434)	(124,538)
Retained earnings	765,292	763,489
	637,983	645,488
Equity attributable to owners of the parent	2,176,103	2,183,608
Non-controlling interests	5,537	9,516
Total equity	2,181,640	2,193,124

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

	<u>Group</u>	
	As at 31/12/19	As at 30/06/19
	RM'000	(Audited) RM'000
NON-CURRENT LIABILITIES		
Long term bank borrowings	448,699	485,445
Senior medium term notes	158,366	158,172
Lease liabilities	14,285	969
Other long term liabilities	183,144	175,820
Deferred tax liabilities	173,843	173,926
	<u>978,337</u>	<u>994,332</u>
CURRENT LIABILITIES		
Payables	152,868	157,225
Short term bank borrowings	159,142	165,411
Lease liabilities	4,876	837
Provisions	275	129
Tax payable	2,591	2,958
	<u>319,752</u>	<u>326,560</u>
Total liabilities	<u>1,298,089</u>	<u>1,320,892</u>
TOTAL EQUITY AND LIABILITIES	<u>3,479,729</u>	<u>3,514,016</u>
<i>Net assets per share attributable to ordinary owners of the parent (sen)</i>	85	87

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2019.

BERJAYA ASSETS BERHAD
(REGISTRATION NO.: 196001000237) (3907-W)

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

	Note	CURRENT QUARTER ENDED		FINANCIAL PERIOD ENDED	
		31/12/19 RM'000	31/12/18 RM'000	31/12/19 RM'000	31/12/18 RM'000
Revenue		73,758	79,205	146,731	153,060
Operating expenses		(60,631)	(65,945)	(116,782)	(127,178)
Profit from operations		<u>13,127</u>	<u>13,260</u>	<u>29,949</u>	<u>25,882</u>
Other income	A4	6,116	3,028	8,721	7,597
Other expenses	A4	(1,152)	(382)	(2,892)	(1,628)
Share of results from associated companies		1,582	601	2,794	1,646
Share of results from joint ventures		445	(349)	282	(239)
Finance costs		<u>(18,372)</u>	<u>(17,221)</u>	<u>(33,662)</u>	<u>(33,678)</u>
Profit/(Loss) before tax		1,746	(1,063)	5,192	(420)
Taxation	B5	<u>(924)</u>	<u>(1,420)</u>	<u>(2,103)</u>	<u>(2,750)</u>
Profit/(Loss) net of tax		<u>822</u>	<u>(2,483)</u>	<u>3,089</u>	<u>(3,170)</u>
Attributable to:					
- Owners of the Parent		1,939	(1,514)	4,338	(1,814)
- Non-controlling interests		<u>(1,117)</u>	<u>(969)</u>	<u>(1,249)</u>	<u>(1,356)</u>
		<u>822</u>	<u>(2,483)</u>	<u>3,089</u>	<u>(3,170)</u>
Earnings/(Loss) per share (sen):					
Basic	B10	<u>0.08</u>	<u>(0.06)</u>	<u>0.17</u>	<u>(0.07)</u>

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 June 2019.

BERJAYA ASSETS BERHAD
(REGISTRATION NO.: 196001000237) (3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	CURRENT QUARTER		FINANCIAL PERIOD	
	ENDED		ENDED	
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) net of tax	822	(2,483)	3,089	(3,170)
<u>Other comprehensive income</u>				
<u>Item that may be subsequently reclassified to profit or loss</u>				
Currency translation difference	1,682	(1,074)	588	724
<u>Item that will not be subsequently reclassified to profit or loss</u>				
Net changes in fair value of investments at fair value through other comprehensive income ("FVTOCI")	(1,922)	(3,249)	(12,431)	(14,418)
Total comprehensive income	<u>582</u>	<u>(6,806)</u>	<u>(8,754)</u>	<u>(16,864)</u>
Attributable to:				
- Owners of the Parent	1,699	(5,837)	(7,505)	(15,662)
- Non-controlling interests	<u>(1,117)</u>	<u>(969)</u>	<u>(1,249)</u>	<u>(1,202)</u>
	<u>582</u>	<u>(6,806)</u>	<u>(8,754)</u>	<u>(16,864)</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2019.

BERJAYA ASSETS BERHAD
(REGISTRATION NO.: 196001000237) (3907-W)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<----- Attributable to the owners of the Parent ----->

	<--- Non - distributable --->			Distributable				
	Share Capital RM'000	AFS Reserve RM'000	FVTOCI Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Equity Funds RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 July 2019	1,538,120	-	(124,538)	6,537	763,489	2,183,608	9,516	2,193,124
Total comprehensive income	-	-	(12,431)	588	4,338	(7,505)	(1,249)	(8,754)
Transactions with owners:								
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	(2,730)	(2,730)
Transfer upon disposal of FVTOCI investments	-	-	2,535	-	(2,535)	-	-	-
At 31 December 2019	<u>1,538,120</u>	<u>-</u>	<u>(134,434)</u>	<u>7,125</u>	<u>765,292</u>	<u>2,176,103</u>	<u>5,537</u>	<u>2,181,640</u>
At 1 July 2018	1,538,120	6,641	-	6,585	736,400	2,287,746	9,654	2,297,400
Effects of adoption of MFRS 9	-	(6,641)	(108,816)	-	115,457	-	-	-
At 1 July 2018 (as restated)	<u>1,538,120</u>	<u>-</u>	<u>(108,816)</u>	<u>6,585</u>	<u>851,857</u>	<u>2,287,746</u>	<u>9,654</u>	<u>2,297,400</u>
Transfer upon disposal of FVTOCI investments	-	-	7,544	-	(7,544)	-	-	-
Total comprehensive income	-	-	(14,418)	570	(1,814)	(15,662)	(1,202)	(16,864)
At 31 December 2018	<u>1,538,120</u>	<u>-</u>	<u>(115,690)</u>	<u>7,155</u>	<u>842,499</u>	<u>2,272,084</u>	<u>8,452</u>	<u>2,280,536</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2019.

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

	FINANCIAL PERIOD	
	ENDED	
	31/12/19	31/12/18
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	152,185	164,069
Payments for operating expenses	(109,252)	(113,598)
Other payments (including taxes)	(669)	(13,372)
Net cash generated from operating activities	<u>42,264</u>	<u>37,099</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of plant and machinery	19	354
Sales of other investments	7,802	16,691
Acquisition of plant and machinery	(703)	(2,123)
Acquisition of other non current assets	(142)	(4)
Acquisition of investments	-	(20,556)
Acquisition of additional equity interest in associated company	(2,000)	-
Interest received	1,340	1,695
Dividend received	759	-
Net cash generated from/(used in) investing activities	<u>7,075</u>	<u>(4,297)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank and other borrowings	-	153,212
Repayment of borrowings and loans	(46,448)	(177,526)
Interest paid	(26,136)	(28,633)
Payment of hire purchase liabilities	(1,597)	(402)
Withdrawal from banks as security pledged for borrowings	16,030	2,125
Net cash used in financing activities	<u>(58,151)</u>	<u>(51,224)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,812)	(18,422)
EFFECTS OF EXCHANGE RATE CHANGES	109	143
OPENING CASH AND CASH EQUIVALENTS	31,052	39,529
CLOSING CASH AND CASH EQUIVALENTS	<u>22,349</u>	<u>21,250</u>
The closing cash and cash equivalents comprise the following:		
Deposits with licensed banks	42,338	56,018
Cash and bank balances	27,180	28,872
	<u>69,518</u>	<u>84,890</u>
Less:		
Bank overdrafts	(9,933)	(9,449)
Cash and cash equivalents restricted in usage	(37,236)	(54,191)
	<u>22,349</u>	<u>21,250</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2019.

NOTES:

- A1 The interim financial report is not audited and has been prepared in compliance with Malaysian Financial Reporting Standards (MFRS) 134 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and comply with the requirements of Companies Act 2016 ("CA 2016").

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2019, which were prepared under Malaysian Financial Reporting Standards. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions which are significant for understanding the changes in the financial position and performance of the Company since the year ended 30 June 2019.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2019, except for the adoption of new Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs which were effective for the financial periods beginning 1 January 2019.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 July 2019.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption, other than those described below.

(a) MFRS 16: Leases

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

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

NOTES (CONTINUED)A1 (a) MFRS 16: Leases (Contd.)

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

The financial impact from the initial adoption of MFRS 16 at 1 July 2019 are as follows:

<u>Consolidated Statement of Financial Position</u>	RM'000
Increase in right-of-use assets	16,082
Increase in lease liabilities	<u>16,082</u>

Significant accounting policies

The standard requires the Group to recognise an asset representing the right to use the underlying asset and a liability to make lease payments during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost, less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the total lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Subsequently, the lease liability is increased by the interest cost and reduced by the lease payments made accordingly. In addition, the carrying amount of lease liability is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTES (CONTINUED)**A1 (b) IC Interpretation 23: Uncertainty over Income Tax Treatments**

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

As disclosed in Note 41 of the audited consolidated financial statements for the year ended 30 June 2019 and Note 8, the Group has 3 on-going litigations relating to disputed additional assessments of income taxes raised by the Inland Revenue Board. The Group has assessed and concluded that based on the legal opinion which states that Berjaya Times Square Sdn Bhd ("BTSSB") has reasonable grounds to take a position that the gains for disposal of investment properties should not be subjected to income tax, the adoption of IC Interpretation 23 has no material impact on the financial statements of the Group.

- A2 The audit report of the Company's most recent annual audited financial statements did not contain any qualification.
- A3 Our principal business operations are not significantly affected by any seasonal or cyclical factors except for the gaming and recreation businesses that may be favourably impacted by the festive and school holiday seasons respectively.

NOTES (CONTINUED)

A4 (a) There were no other unusual items as a result of their nature, size or incidence that had affected the financial statements for the financial quarter and period ended 31 December 2019 except for the following:

(i) Included under other income/(expenses) in the consolidated statement of profit or loss is:

	Current Quarter ended 31/12/19 RM'000	Financial Period ended 31/12/19 RM'000
Loss arising from dilution of equity interest in a former subsidiary to an associated company	(273)	(58)
Amortisation of intangible assets	<u>(275)</u>	<u>(550)</u>

(b) There were no material changes in estimates of amounts reported in the current financial quarter and period ended 31 December 2019.

A5 There were no issuance and repayment of debts and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period ended 31 December 2019.

In addition, none of the outstanding Warrants 2018/2023 were exercised in the period ended 31 December 2019.

A6 The Company did not pay any dividend in the financial period ended 31 December 2019.

NOTES (CONTINUED)

A7 Segmental information for the financial period ended 31 December 2019:

	External	Inter - segment	Total
	RM '000	RM '000	RM '000
REVENUE			
Property development and investment	74,666	-	74,666
Gaming and related activities	51,332	990	52,322
Hotel, recreation and others	20,733	-	20,733
Elimination : Intersegment revenue	-	(990)	(990)
Total revenue	<u>146,731</u>	<u>-</u>	<u>146,731</u>
RESULTS			RM '000
Property development and investment			39,259
Gaming and related activities			(2,218)
Hotel, recreation and others			<u>(3,960)</u>
			33,081
Unallocated corporate expenses			<u>(3,132)</u>
Profit from operations			29,949
Other income			
- property development and investment			1,251
- gaming and related activities			834
- hotel and recreation			747
- unallocated			<u>5,889</u>
			8,721
			<u>38,670</u>
Other expenses			
- property development and investment			(103)
- gaming and related activities			(550)
- hotel and recreation			(1)
- unallocated			<u>(2,341)</u>
			(2,892)
			<u>35,778</u>
Share of results after tax from associated companies			2,794
Share of results after tax from joint ventures			282
Finance costs			<u>(33,662)</u>
Profit before tax			5,192
Taxation			<u>(2,103)</u>
Profit for the financial period			<u>3,089</u>

NOTES (CONTINUED)

A8 The valuation of land and buildings have been brought forward without amendment from the previous annual report.

A9 There were no material events subsequent to the end of this current quarter that have not been reflected in the financial statements for this current financial quarter.

A10 There were no material changes in the composition of the Group for the financial period ended 31 December 2019 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except as disclosed below:

- a) On 2 August 2019, Jubli Mentari Sdn Bhd ("JMSB") issued 2.5 million new ordinary shares. Berjaya Assets Alliance Sdn Bhd ("BAASB") a wholly owned subsidiary of the Group, only subscribed 1.0 million new ordinary shares in JMSB for a total cash subscription price of RM2.0 million. Consequently, the Group's equity interest in JMSB was diluted from 65% to 56.9%.

Subsequently, on 16 October 2019, JMSB issued 6.0 million new ordinary shares. BAASB did not subscribe for any of these new ordinary shares in JMSB. Consequently, the Group's equity interest in JMSB was diluted from 56.9% to 31.97%, thus making JMSB an associated company of the Group.

A11 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 June 2019.

A12 There are no changes in capital commitments since the last audited statement of financial position as at 30 June 2019 as follows:

	At 31/12/19 RM'000	At 30/06/19 RM'000
Capital expenditure approved and contracted for	40,931	40,931
Proposed acquisition of remaining 50% equity interest in Megaquest Sdn Bhd	97,600	97,600
	<u>138,531</u>	<u>138,531</u>

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of group performance

The main operating businesses of the Group are number forecast operation ("NFO") in Sarawak, property development and investment, the operations of a hotel and recreation business including the operations of Greyhound Café's restaurants. The key factors (other than general economic conditions) affecting the performance of the main operating businesses in the Group are as follows:

Property development and investment

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

Hotel and recreation

- room rates, seasonal festive periods and school holidays, locations of the hotel and restaurants, tourism/currency exchange/dining out trends, energy/raw material/other supplies costs, quality of rooms/amenities/service and customer perception.

NFO in Sarawak

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

The summary results of the Group are as follows:

	3-Month Ended			6-Month Ended		
	31/12/2019	31/12/2018	+ /(-)	31/12/2019	31/12/2018	+ /(-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	73,758	79,205	(7)	146,731	153,060	(4)
Profit from operations	13,127	13,260	(1)	29,949	25,882	16
Profit/(loss) before tax	1,746	(1,063)	N/A	5,192	(420)	N/A

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

B1 Review of group performance (Contd)

For the Quarter

The Group registered revenue of RM73.8 million and pre-tax profit of RM1.7 million in the current quarter ended 31 December 2019 as compared to revenue of RM79.2 million and pre-tax loss of RM1.1 million reported in the previous year corresponding quarter. The lower Group revenue was mainly due to lower number of draws from gaming business, lower food and beverage sales from the hotel and recreation business segment and lower rental income generated by the property development and property investment business segment.

The Group reported a turnaround pre-tax profit in the current quarter under review mainly due to higher share of results from joint venture and associated companies. These have mitigated the impact of lower profit contribution from gaming business, property development and property investment and hotel and recreation business due to higher prize payout and lower revenue registered.

For the 6-month period

For the cumulative six months ended 31 December 2019, the Group registered a revenue of RM146.7 million and turnaround in pre-tax profit of RM5.2 million as compared to a revenue of RM153.1 million and pre-tax loss of RM0.4 million reported in the preceding year corresponding period. The drop in revenue was mainly due to the same factors mentioned in the aforesaid paragraph under the commentary for the current quarter's results.

The turnaround in pre-tax profit in the current 6-month period under review was primarily due to:-

- (i) higher contribution from property development and property investment business segment and hotel and recreation business segment mainly due to lower operating expenses incurred; and
- (ii) higher share of results from joint venture and associated companies.

The above has mitigated the lower profit contribution from the gaming business resulting from higher prize payout.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B2 Second Quarter vs Preceding First Quarter**

	3-Month Ended		
	31/12/19	30/09/19	+ / (-)
	RM'000	RM'000	%
Revenue	73,758	72,973	1
Profit from operations	13,127	16,822	(22)
Profit before tax	1,746	3,446	(49)

For the current quarter under review, the Group registered a revenue of RM73.7 million which was slightly higher compared to the revenue of RM73.0 million in the preceding quarter ended 30 September 2019. The current quarter's pre-tax profit of RM1.7 million which was lower compared to pre-tax profit of RM3.4 million reported for the preceding quarter.

For the current quarter, the hotel and recreation business segment has reported higher revenue mainly due to higher sales of theme park tickets, due to the calendar year end festive and school holidays.

This partially offset the effect of slightly lower revenue from property development and investment and gaming business segments due to lower rental income and lower average revenue per draw.

The Group reported a lower profit before tax in the current quarter under review mainly due to lower contribution from the gaming, property development and investment and hotel and recreation business segments due to higher prize payout and higher operating expenses incurred respectively.

B3 Future Prospects

The current outbreak of the new coronavirus (Covid-19) had impacted the property investment business, the hotel and related business operated by BTSSB Group as the general public are more likely to stay home and reduce travelling. As such, the Directors envisage that the operating performance of the Group for the remaining quarters in the financial year ending 30 June 2020 will be challenging.

B4 There is no profit forecast or profit guarantee for the financial quarter and period ended 31 December 2019.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

B5 The income tax expenses for the financial quarter and period ended 31 December 2019 are detailed as follows:

	Current Quarter ended 31/12/19 RM'000	Financial Period ended 31/12/19 RM'000
Malaysian taxation:		
Current period provision	835	1,931
Deferred tax	(41)	(83)
Withholding tax	130	255
	<u>924</u>	<u>2,103</u>

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

B6 The corporate exercise announced by the Group but not completed as at the date of this announcement are listed below:

- a) As disclosed in Note 44 in the Company's audited financial statements for the financial year ended 30 June 2013, BWSB had entered into a conditional sale and purchase agreement for the proposed acquisition by BWSB from Kelana Megah Sdn Bhd ("KMSB") of its intended lease interest in a parcel of vacant land measuring about 4.285 acres held under Lot No. PTB 20379, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor for a cash consideration of RM27.99 million ("KMSB SPA").

On 8 May 2018, BWSB has entered into a supplemental agreement with KMSB for the inclusion of the payment of the development returns of RM13.5 million as well as to extend the completion date of the KMSB SPA to 9 April 2019. Subsequently on 3 April 2019, BWSB entered into a supplemental agreement with KMSB to further extend the completion date of the Agreement to 9 April 2021. Upon completion of the KMSB SPA, BWSB will hold a 99-year leasehold land instead of lease interest over the land.

- (b) 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. The said acquisition is still pending.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

B7 The Group borrowings as at 31 December 2019 are as follows:

Secured:	RM'000
Short term bank borrowings	
- Denominated in Ringgit Malaysia	148,398
- Denominated in GBP (£2,000,000) *	10,744
	159,142
Long term bank borrowings	
- Denominated in Ringgit Malaysia	313,852
- Denominated in GBP (£25,101,000) *	134,847
	448,699
Senior medium term notes	158,366
Total borrowings	766,207

* *Converted at the exchange rate prevailing as at 31 December 2019.*

B8 There is no pending material litigation since the date of the last audited statement of financial position to the date of this announcement, other than as disclosed below.

Reference is made to Note 41 of the audited financial statements of the Group for the financial year ended 30 June 2019.

The Court of Appeal had earlier fixed the hearing of BTSSB's appeal against the dismissal of its application for leave for judicial review of Tax Appeal 2 by the High Court on 18 February 2020.

The hearing date of 18 February 2020 was subsequently vacated and instead fixed for case management, pending the Federal Court's decision on a case involving another taxpayer on similar issues. On 18 February 2020, the Court of Appeal directed that both parties to attend a case management vide e-Review on 2 June 2020 and to further update the Court of Appeal on 10 June 2020 (if the Federal Court has made a decision on the aforementioned similar case prior to that date).

Both Tax Appeal 1 and Tax Appeal 2 will be heard at the Special Commissioners of Income Tax ("SCIT") from 11 August 2021 to 13 August 2021.

Further to the above, IRB had on 9 January 2020, issued Forms JA for YAs 2015 to 2018 being additional tax assessments of:

- (i) RM16.309 million arising from disallowable unabsorbed tax losses;
- (ii) RM7.34 million being tax penalties on item (i); and
- (iii) RM3.08 million relating to interest income arising from early redemption of Junior Bonds.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

BTSSB did not agree to IRB's basis of disallowing the unabsorbed tax losses. IRB has arbitrarily regarded the unabsorbed tax losses to be no longer available as they have been fully absorbed in the previous years against the gains from the disposal of investment assets, notwithstanding the ongoing uncompleted Tax Appeal 1 and Tax Appeal 2 related litigations.

Consequently, on 17 January 2020, BTSSB made an application to the High Court for judicial review. The hearing date for BTSSB's judicial review application has been set on 30 April 2020 and the High Court has granted BTSSB an interim stay on payment of additional tax assessments until then. In addition, BTSSB had on 7 February 2020, submitted an official appeal through submission of Forms Q to SCIT ("Tax Appeal 3").

The above litigations are still on-going.

B9 The Board does not recommend any dividend in the current quarter (previous year's quarter ended 31 December 2018 : Nil).

B10 The earnings/(loss) per share is calculated by dividing earnings/(loss) attributable to owners of the Parent by the weighted average number of ordinary shares in issue:

	<u>Current Quarter Ended</u>			
	31/12/19 RM'000	31/12/18 RM'000	31/12/19 Sen	31/12/18 Sen
Profit/(Loss) for the quarter	<u>1,939</u>	<u>(1,514)</u>		
Weighted average number of ordinary shares ('000)	<u>2,558,271</u>	<u>2,502,656</u>		
Basic earnings/(loss) per share			<u>0.08 #</u>	<u>(0.06) #</u>
	<u>6-Month Ended</u>			
	31/12/19 RM'000	31/12/18 RM'000	31/12/19 Sen	31/12/18 Sen
Loss for the financial period	<u>4,338</u>	<u>(1,814)</u>		
Weighted average number of ordinary shares ('000)	<u>2,558,271</u>	<u>2,502,656</u>		
Basic loss per share			<u>0.17 #</u>	<u>(0.07) #</u>

No diluted earnings/(loss) per share is presented as the computation based on the outstanding warrants would have an anti-dilutive effect.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

B11 Profit before tax is stated after charging/(crediting):

	Current Quarter ended 31/12/19 RM'000	Financial Period ended 31/12/19 RM'000
Interest income	(869)	(1,340)
Dividend income	(178)	(759)
Other income excluding dividend and interest income	(5,069)	(6,622)
Depreciation of property, plant and equipment	5,437	9,290
Amortisation of intangible assets	275	550