BERJAYA

# BERJAYA ASSETS BERHAD

(Company No. 3907-W)


# 2017
ANNUAL REPORT

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*Greyhound Café, ANSA Kuala Lumpur.*

*NASB's Special Cash Sweep sales outlet at Bintulu.*

*Berjaya Times Square Theme Park.*

# 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
Morvin Tan U-Jiang
Chryseis Tan Sheik Ling
Koh Huey Min

**Non-Independent Non-Executive Director**
Chan Kien Sing

**Independent Non-Executive Directors**
Datuk Robert Yong Kuen Loke
Heng Kiah Choong
Dato' Mohd Salleh Bin Ahmad

## AUDIT AND RISK MANAGEMENT COMMITTEE

Heng Kiah Choong *(Chairman)*
Chan Kien Sing
Dato' Mohd Salleh Bin Ahmad

## NOMINATION COMMITTEE

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

## REMUNERATION COMMITTEE

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

## SECRETARIES

Tham Lai Heng Michelle
(MAICSA No. 7013702)
Wong Siew Guek
(MAICSA No. 7042922)

## SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 06-03, Level 6 (East Wing)
Berjaya Times Square
No. 1 Jalan Imbi
55100 Kuala Lumpur
Tel : 03 - 2145 0533
Fax : 03 - 2145 9702

## AUDITORS

Deloitte PLT
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

## REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1 Jalan Imbi
55100 Kuala Lumpur
Tel : 03 - 2149 1999
Fax : 03 - 2143 1685

## PRINCIPAL BANKERS

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

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

## STOCK SHORT NAME

BJASSET (3239)

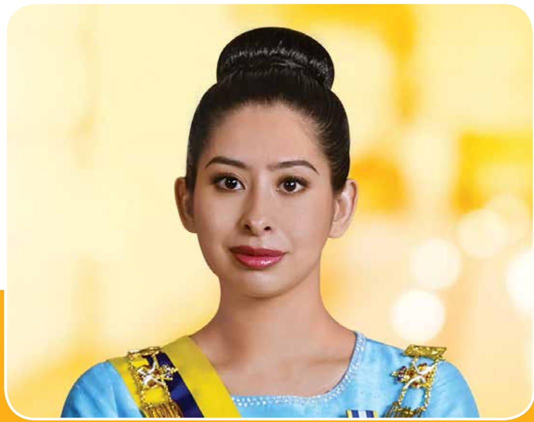
## PLACE OF INCORPORATION AND DOMICILE

Malaysia

*Central Park, Berjaya Times Square, Kuala Lumpur.*


*Deluxe Room, Berjaya Waterfront Hotel, Johor Bahru.*

# PROFILE OF DIRECTORS



### YAM TUNKU TUN AMINAH BINTI SULTAN IBRAHIM ISMAIL

*31 years of age, Malaysian, Female*
Chairman
Non-Independent Non-Executive

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

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

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

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

## DATUK WIRA LYE EK SEANG

*52 years of age, Malaysian, Male*
Executive Director

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

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

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

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

## MORVIN TAN U-JIANG

*27 years of age, Malaysian, Male*
Executive Director

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

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

Currently, he is a General Manager in Berjaya Philippines Inc, a subsidiary company of Berjaya Sports Toto Berhad, listed on the Philippine Stock Exchange. He is also the Chief Operating Officer of Berjaya Times Square Sdn Bhd. He also holds directorships in several other private limited companies.

He is a son of Tan Sri Dato' Seri Vincent Tan Chee Yioun, a major shareholder of the Company and a brother of Chryseis Tan Sheik Ling, an Executive Director of the Company.

## CHRYSEIS TAN SHEIK LING

*29 years of age, Malaysian, Female*
Executive Director

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

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

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

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

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

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

## KOH HUEY MIN

*52 years of age, Malaysian, Female*
Executive Director

She was appointed to the Board as an Executive Director on 23 June 2017. She is a Fellow Member of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants.

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

## CHAN KIEN SING

*61 years of age, Malaysian, Male*
Non-Independent Non-Executive Director

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

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

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

## DATUK ROBERT YONG KUEN LOKE

*65 years of age, Malaysian, Male*
Independent Non-Executive Director

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

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

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

## HENG KIAH CHOONG

*68 years of age, Malaysian, Male*
Independent Non-Executive Director

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

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

## DATO' MOHD SALLEH BIN AHMAD

*75 years of age, Malaysian, Male*
Independent Non-Executive Director

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

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

Save as disclosed, none of the Directors have:-

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

## TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

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

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

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

He is the father of Morvin Tan U-Jiang and Chryseis Tan Sheik Ling who are members of the Board.

## CHRYSEIS TAN SHEIK LING

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

She was previously an Executive Director of BTSSB from September 2013 to April 2015 and is currently the Chief Executive Officer of BTSSB. She was also appointed to the Board of the Company as an Executive Director on 7 December 2016 and her profile is listed in the Profile of Directors on page 4 of this Annual Report.

## KOH HUEY MIN

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

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

# KEY SENIOR MANAGEMENT

**JACKSON LIM KIM BOON**

*59 years of age, Malaysian, Male*

General Manager, Natural Avenue Sdn Bhd

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

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

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

He started his career with NASB on 18 August 2003 as the General Manager overseeing the operation of NASB, which holds the exclusive rights to conduct and operate the number forecast lottery in Sarawak. He has approximately 21 years of experience in the management and administration of sports institutions at the state and national levels prior to his designation with NASB.

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

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

**On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Berjaya Assets Berhad ("BAssets") for the financial year ended 30 June 2017.**

## FINANCIAL RESULTS

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

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

## DIVIDEND

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

## SIGNIFICANT CORPORATE DEVELOPMENTS

1. On 21 June 2016, BAssets announced that its wholly-owned subsidiary, Aroma Kiara Sdn Bhd had entered into a share purchase agreement with Oriental Holdings Berhad, Oriental Rubber & Palm Oil Sdn Berhad, Dato' Syed Mohamad bin Syed Murtaza and Dato' Seri Haji Md Isahak bin Md Yusuf for the proposed acquisition of a total of 100% equity interest comprising 36.0 million ordinary shares of RM1.00 each in Oriental Assemblers Sdn Bhd ("OASB") for a total cash consideration of RM32.5 million.

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


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


*Hero Supermarket offers fresh produce and groceries.*

2. On 12 July 2016, BAssets announced that its wholly-owned subsidiary, Tropicfair Sdn Bhd entered into a share sale agreement for the proposed acquisition of the remaining 50% equity interest in Megaquest Sdn Bhd from Violet Circle Sdn Bhd for a cash consideration of RM108.0 million. The said acquisition is still pending.

3. On 6 September 2017, BAssets announced that it had proposed to undertake a share split involving the subdivision of every 1 existing ordinary share in BAssets into 2 BAssets shares held on an entitlement date to be determined and announced later ("Proposed Share Split").

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

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


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

## PROPERTY INVESTMENT AND DEVELOPMENT

**Berjaya Times Square, Kuala Lumpur**

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

Entering its fourteenth year of operations, BTS maintained an occupancy rate of 84% as of 30 June 2017.

Averaging 2.3 million visitors a month, the 12-level stratified shopping complex which measures approximately 3.5 million square feet houses:

- More than 1,000 units of strategically selected retail shops and food and beverage outlets;
- Berjaya Times Square Theme Park which is Malaysia's largest indoor theme park with 13 major rides and other exciting attractions;
- The IT Centre covering 34,090 square feet and catering to all modern digital lifestyle needs;
- The 9-screen Golden Screen Cinemas (GSC);
- Ampang Superbowl - one of the largest bowling centres in the country with 48 lanes;
- Taste of Asia Food Court at Lower Ground Floor, and Lifestyle Food Channel at 4th Floor Central;
- Central Park, the shopping district at 3rd Floor Central consisting of 40 lifestyle boutiques and notable lifestyle brands in a landscaped area measuring 5,000 square feet;
- Asia Lifestyle, the shopping district at 3rd Floor East measuring 6,459 square feet. It is home to 43 small lots that host a variety of novelties, and 7 kiosks serving street food and snacks;
- 2nd Floor East, a brand new area comprising a mix of chic retailers and food outlets offering international cuisines.

BTS is the Guinness World Records™ holder for the World's Largest Capsule Vending Machine, and in 2015, won recognition by the Malaysia Book of Records™ for "Most Number of Pledges Collected in a Christmas Season Charity Campaign". Since its inception, BTS has garnered over 13 Malaysia Book of Records™ and 1 Guinness World Record.

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

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

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


*A NASB draw in progress.*

**Berjaya Waterfront, Johor Bahru**

In Johor Bahru, Berjaya Waterfront ("BWaterfront") is located strategically within the government-sanctioned Iskandar Malaysia economic zone, featuring 14 acres of duty free zone which includes a 12-level hotel, a 4-storey shopping centre podium with a basement, and annexed with a 6-level car park catering to an assortment of retail, entertainment, dining and recreation options.

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

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

The BWaterfront Hotel is located within a 5-minute drive from the main Causeway to Singapore. With close to 400 rooms and suites and one of the largest MICE ("Meeting, Incentive, Conference and Exhibition") facilities in the southern region, the hotel provides convenient access to Iskandar Malaysia, the southern development corridor famed for its tourist attractions such as Legoland Malaysia, Puteri Harbour Family Theme Park and Johor Premium Outlets.

**Menara MSC Cyberport, Johor Bahru**

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

## GAMING

**Natural Avenue Sdn Bhd ("NASB")**

NASB, the exclusive agent for Sarawak Turf Club's Special Cash Sweep Number Forecast Lotteries, has been in operation since 1995. The principal activities of NASB are the operation, promotion and management of the 1+3D Big/Small and 3D Big games in Sarawak with three draws a week. NASB currently has 3 regional offices and 74 sales outlets.

## FOOD & BEVERAGE

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

BAF obtained a licence agreement with Greyhound Café Co Ltd for exclusive rights to establish and operate cafes under the trademark 'Greyhound Café' in Malaysia. Greyhound Café offers Thai food with a creative twist in a modern and trendy ambience. Currently Greyhound Café has two restaurants located at ANSA Kuala Lumpur and Mid Valley Megamall.

## FUTURE PROSPECTS

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

*Greyhound Café, Mid Valley Megamall.*

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

## APPRECIATION

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

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

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

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

**YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail**
*Chairman*
*4 October 2017*

## OVERVIEW

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

## PERFORMANCE REVIEW BY BUSINESS SEGMENTS

## PROPERTY INVESTMENT AND DEVELOPMENT

### Revenue

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

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

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

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

### Profit Before Tax

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

### Prospects

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

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

## GAMING

### Revenue

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

### Profit Before Tax

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

### Prospects

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

## FOOD & BEVERAGE

### Revenue

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

### Loss Before Tax

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

### Prospects

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

# CORPORATE STRUCTURE

OF MAIN OPERATING COMPANIES AS AT 4 OCTOBER 2017

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

**100%**
**BERJAYA TIMES SQUARE SDN BHD**
- Berjaya Times Square, Kuala Lumpur
- Menara MSC Cyberport, Johor Bahru

**100%**
**BERJAYA TIMES SQUARE THEME PARK SDN BHD**
- Berjaya Times Square Theme Park

**100%**
**BTS CAR PARK SDN BHD**
- Car park operator in Berjaya Times Square, Kuala Lumpur

**100%**
**BERJAYA WATERFRONT SDN BHD**
- Berjaya Waterfront Hotel, Johor Bahru
- Berjaya Waterfront Complex, Johor Bahru
- Berjaya Waterfront Ferry Terminal, Johor Bahru

**65%** **
**NATURAL AVENUE SDN BHD**
- Number forecast operator in Sarawak

**100%**
**SUBLIME CARTEL SDN BHD**
- Provision of lottery consultancy and related services

**70%**
**BERJAYA UK INVESTMENT & DEVELOPMENT LIMITED**
- Islington on the Green, London, United Kingdom

**100%**
**BERJAYA ASSETS FOOD (BAF) SDN BHD**
- Licensed operator of "Greyhound Café", Malaysia

**100%**
**ORIENTAL ASSEMBLERS SDN BHD**
- Vehicle assembly and related businesses

** Combined Interest

# GROUP
# FINANCIAL HIGHLIGHTS

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

**Notes:**

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

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

## 1. REPORTING PROFILE AND SCOPE

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

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

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

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

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

## 2. APPROACH TO SUSTAINABILITY AND GOVERNANCE

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

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

- Economic Sustainability
- Environmental Sustainability
- Social Sustainability

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

## 3. ECONOMIC SUSTAINABILITY

<u>Economic Impact and Creating Value</u>

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

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

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

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

## 4. ENVIRONMENTAL SUSTAINABILITY

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

Waste Management

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

In upholding its environmental consciousness, BAssets also tries as much as possible to engage suppliers who adopt environmentally and socially responsible practices. BAssets also collaborates with various stakeholders on campaigns to raise awareness on the importance of recycling and responsible waste management. For instance, in June 2017, BWSB collaborated with Yellow Bin, the only social enterprise which is recognised and authorised by the Johor Bahru local regulatory and authority bodies to carry out recycling activities through their 'Recycle to Help Programme' organised at BWSB's mall to create public awareness on the importance of recycling.

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

Water Conservation

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

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

Energy Conservation

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

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

## 5. SOCIAL SUSTAINABILITY

Health, Safety, Security

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

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

Human Capital

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

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

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

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

Corporate Social Responsibility ("CSR")

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


*NASB contributed RM300,000 to STEC Kidney Foundation.*


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

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

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


*Activities during the 'Happy Dreamer Art Exhibition 2017'.*

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

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

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

## 6. LOOKING AHEAD

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


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


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

The Board of Directors of Berjaya Assets Berhad ("the Company") acknowledges that good corporate governance is vital to uphold the business integrity and to sustain the performance and profitability of the Group's business operation.

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

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

## 1. ROLES AND RESPONSIBILITIES OF THE BOARD

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

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

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

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

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

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

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

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

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

*Directors' Code of Conduct/Ethics*

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

*Corporate Strategy to promote sustainability*

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

The Group strives to achieve a sustainable long term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts in this regards have been set out in the Sustainability Statement in this Annual Report.

*Access to information and advice*

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

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

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

All Directors also have unrestricted access to the advice and services of the Senior Management staff in the Group to enable them to discharge their duties effectively. The Directors may also obtain independent professional advice, both inside and outside the Company, at the Company's expense if they deem it necessary in ensuring performance of their duties.

*Board Charter*

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

## 2. COMPOSITION OF THE BOARD

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

– The Chairman (Non-Independent Non-Executive);
– Four (4) Executive Directors;
– One (1) Non-Independent Non-Executive Director; and
– Three (3) Independent Non-Executive Directors.

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

The Executive and Non-Executive Directors, with their different backgrounds and experiences in the fields of finance, accounting, property development, business development and investment, provide an optimum mix of skills and experience for a balanced and effective Board. The Board is satisfied with the current size and composition of its Board members. A brief profile of each Director is contained in pages 2 to 6 of the Annual Report.

*Nomination Committee*

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

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

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

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

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

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

*Appointment to the Board*

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

1. The candidate is identified upon the recommendation by the existing Directors, Senior Management staff, shareholders and/or other consultants;
2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;
3. Recommendation to be made by Nomination Committee to the Board if the proposed candidate is found to be suitable. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.

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

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

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

*Re-election and Re-appointment of Director*

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

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

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

The Directors who will retire by rotation and eligible for re-election pursuant to Article 102 of the Company's Article of Association at the forthcoming AGM are Mr Heng Kiah Choong and Datuk Wira Lye Ek Seang. The newly appointed Directors, YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, Ms Chryseis Tan Sheik Ling and Ms Koh Huey Min, will also retire at the forthcoming AGM pursuant to Article 93 of the Company's Articles of Association. The profiles of these Directors are set out on pages 2 to 6 of the Annual Report.

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

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

*Annual Assessment*

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

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

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

*Boardroom Diversity*

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

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

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

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

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

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

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

*Remuneration Policies and Procedures*

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

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

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

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

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

(a) reviewed the terms of reference of the Remuneration Committee;

(b) reviewed and recommended the proposed revision of the meeting attendance allowances payable to the Non-Executive Directors;

(c) reviewed and recommended the payment of Directors' Fees for the financial year ended 30 June 2017; and

(d) reviewed and recommended the payment of Directors' remuneration (excluding Directors' Fees) for the period from 31 January 2017 until the next AGM of the Company to be held in 2018.

The aggregate Directors' remuneration paid or payable to the Directors in office during the financial year by the Company and the Group categorised into appropriate components for the financial year ended 30 June 2017 are as follows:-

**Company**

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

**Group**

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

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

| | **Number of Directors** | |
|---|---|---|
| **Range of Remuneration (RM)** | **Executive Director(s)** | **Non-Executive Director(s)** |
| 1 - 50,000 | 1 | 5[a] |
| 250,001 - 300,000 | 2 | – |
| 500,001 - 550,000 | 1 | – |
| **Total** | **4** | **5** |

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

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

## 3. INDEPENDENCE

*Assessment of Independent Directors*

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

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

Based on the assessment conducted for the financial year ended 30 June 2017, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. The Independent Directors namely, Mr Heng Kiah Choong, Datuk Robert Yong Kuen Loke and Dato' Mohd Salleh Bin Ahmad, had also provided the necessary confirmation of their independence to the Board based on the criteria as prescribed under the Listing Requirements.

*Tenure of Independent Directors*

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

The Board does not have term limits for its independent Directors as it is of the view that the independence of the Independent Directors should not be determined solely by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director.

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

As at the date of this statement, Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad have served the Board for more than nine years. The Company had obtained shareholders' approvals at the last AGM held on 23 November 2016 to retain Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad as Independent Non-Executive Directors of the Company notwithstanding that they had been on the Board of the Company for a cumulative term of more than nine years. The Nomination Committee and the Board have upon their annual assessments conducted for the year 2017, concluded that Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad had remained independent and recommended that the approval of the shareholders be sought at the Company's forthcoming AGM to retain Mr Heng Kiah Choong and Dato' Mohd Salleh Bin Ahmad as Independent Non-Executive Directors of the Company based on the following justifications:-

a) Mr Heng Kiah Choong:-

   i) he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board.

   ii) he has been with the Company for more than nine years and is familiar with the Company's business operations.

   iii) he remains objective and independent in expressing his views and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.

   iv) he has exercised his due care during his tenure as an Independent Non-Executive Director and as Chairman of the Audit and Risk Management Committee of the Company and carried out his professional duties in the interests of the Company and the shareholders.

b) Dato' Mohd Salleh Bin Ahmad:-

i) he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board.

ii) he has been with the Company for more than nine years and is familiar with the Company's business operations.

iii) he remains objective and independent in expressing his view and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.

iv) he has exercised his due care during his tenure as an Independent Non-Executive Director and carried out his professional duties in the interests of the Company and the shareholders.

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

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

## 4. BOARD COMMITMENT

The Board meets regularly on a quarterly basis with additional meetings being convened when necessary. The meeting dates are planned ahead of schedule to ensure that each member of the Board is committed to meet when the time arises. During the financial year ended 30 June 2017, the Board met five (5) times and the record of attendance of each Director is set out below:-

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

*[#] Denotes Independent Non-Executive Directors*

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

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

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

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

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

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

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

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

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

*Directors' Training*

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

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

The Directors are mindful that they should continually attend seminars and courses to keep themselves updated on regulatory and corporate governance developments, besides enhancing their professionalism and knowledge to effectively discharge their duties and obligations.

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

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

| Directors | Seminars/Conferences/Forum |
|---|---|
| Datuk Wira Lye Ek Seang | – Board Chairman Series Part 2: Leadership Excellence from the Chair<br>– Corporate Governance Breakfast Series with Directors: "Anti-Corruption & Integrity – Foundation of Corporate Sustainability"<br>– Sustainability Forum for Directors/Chief Executive Officer: "The Velocity of Global Change & Sustainability – The New Business Model"<br>– FTSE4 Good Bursa Malaysia Index Briefing |
| Morvin Tan U-Jiang | – Global Transformation Forum 2017 |
| Chryseis Tan Sheik Ling | – Corporate Governance Education Program/Empowering Women Series<br>– Global Transformation Forum 2017 |
| Chan Kien Sing | – Directors as Gatekeepers of Market Participants<br>– Business Challenges and Regulatory Expectations<br>– Risk Oversight and Compliance – Action Plan for Board of Directors<br>– Current and Emerging Regulatory Issues in the Capital Market<br>– MIA Conference 2016<br>– FTSE4 Good Bursa Malaysia Index Briefing |

## 4. BOARD COMMITMENT (CONTD.)

| Directors | Seminars/Conferences/Forum |
|---|---|
| Datuk Robert Yong Kuen Loke | – He kept himself abreast with the latest developments on the various accounting, finance and business issues both locally and globally through his extensive networking, reading of various magazines and journals and serving as a council member of the Malaysian Institute of Certified Public Accountants. |
| Heng Kiah Choong | – The Inside Story of the Annual Report: What Directors Must Know<br>– FTSE4 Good Bursa Malaysia Index Briefing |
| Dato' Mohd Salleh Bin Ahmad | – Launch of the AGM Guide & Corporate Governance Breakfast Series: "How to Leverage on AGMs for Better Engagement with Shareholders"<br>– Corporate Governance Breakfast Series with Directors: "Anti-Corruption & Integrity – Foundation of Corporate Sustainability" |

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

## 5. FINANCIAL REPORTING

*Directors' Responsibility Statement in respect of Financial Statements*

The Act requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows of the Company and of the Group for that period. In preparing those financial statements, the Directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) state whether applicable financial reporting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;

(c) make judgements and estimates that are reasonable and prudent; and

(d) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors, in preparing the financial statements for the financial year ended 30 June 2017, are satisfied that the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. All applicable financial reporting standards have also been followed in the preparation of the financial statements which have been prepared on a going concern basis.

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

*Compliance with applicable Financial Reporting Standards*

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

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

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

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

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

During the financial year, the amount of non-audit fees paid to the External Auditors by the Company and the Group respectively for the financial year ended ("FYE") 30 June 2017 were as follows:-

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

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

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

## 6. RISKS MANAGEMENT

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

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

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

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

## 7. TIMELY DISCLOSURES

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

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

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

## 8. RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

Poll Voting

In line with the MCCG 2012, all the resolutions passed by the shareholders at the AGM held on 23 November 2016 were voted by way of a poll. The shareholders were brief on the voting procedures by the Share Registrar while the results of the poll were verified and announced by the independent scrutineer, Messrs LT Lim & Associates.

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

Effective Communication and Proactive Engagements with Shareholders

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

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

## 9. COMPLIANCE WITH THE MCCG 2012

Other than as disclosed and/or explained in the Statement on Corporate Governance, the Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of MCCG 2012 during the financial year ended 30 June 2017.

## INTRODUCTION

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

## RESPONSIBILITY

The Board of Directors of Berjaya Assets Berhad ("the Board") recognizes that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board's responsibility in relation to the system of internal control extends to all the subsidiaries of the Group. In view of the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, the system can only provide reasonable assurance against material misstatement or loss.

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

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

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

## RISK MANAGEMENT FRAMEWORK

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

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

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

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

The ARMC terms of reference include, inter alia:

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

## INTERNAL CONTROL PROCESS

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

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

## ASSURANCE MECHANISM

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

Internal Audit Function

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

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

Review of SRMIC by External Auditors

The external auditors form an opinion on the financial statements of the Group based on their annual statutory audit. Any areas for improvement identified during the course of audit are highlighted to the attention of the ARMC through management letters, or are articulated at the ARMC meetings. The ARMC also hold private meetings with the external auditors to have exchange of views on any areas that require their attention.

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

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

## KEY ELEMENTS OF INTERNAL CONTROL

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

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

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

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

# AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

The Board of Directors of Berjaya Assets Berhad ("the Company") is pleased to present the report of the Audit and Risk Management Committee ("ARMC") for the financial year ended 30 June 2017.

## MEMBERS AND MEETING ATTENDANCES

The members of the ARMC are as follows:

**Heng Kiah Choong**
*Chairman/Independent Non-Executive Director*

**Chan Kien Sing**
*Non-Independent Non-Executive Director*

**Dato' Mohd Salleh Bin Ahmad**
*Independent Non-Executive Director*

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

| Name | Attendance |
|---|---|
| Heng Kiah Choong | 5/5 |
| Chan Kien Sing | 5/5 |
| Dato' Mohd Salleh Bin Ahmad | 5/5 |

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

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

## SUMMARY OF ACTIVITIES AND WORK OF THE ARMC

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

<u>Financial Reporting</u>

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:-

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

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

b. reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 June 2016 together with the Management and the External Auditors at its meeting held on 4 October 2016 to ensure that it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with all disclosure and regulatory requirements before recommending the audited financial statements to the Board for approval.

External Audit

a. evaluated the performance of the External Auditors for the financial year ended 30 June 2016 covering areas such as calibre, quality processes, audit team, audit scope, audit communications, audit governance and independence as well as the audit fees of the External Auditors. The ARMC, having been satisfied with the independence, suitability and performance of Messrs Deloitte ("Deloitte"), had recommended to the Board for approval of the re-appointment of Deloitte as External Auditors for the ensuing financial year end of 30 June 2017 at its meeting held on 4 October 2016.
b. discussed and considered the significant accounting and auditing issues arising from the interim audit as well as the final audit with the External Auditors. The ARMC also had a private discussion with the External Auditors on 4 October 2016 without the presence of Management during the review of the audited financial statements for the year ended 30 June 2016 to discuss any problems/issues arising from the audit review.
c. reviewed with the External Auditors at the meeting held on 25 May 2017, their audit plan in respect of the financial year end of 30 June 2017, outlining the auditors' responsibilities, materiality, significant risks and areas of audit focus, consideration of fraud, internal control plan, involvement of internal auditors, involvement of internal specialists, involvement of component auditors, timing of audit, engagement quality control, independence policies and procedures, financial reporting and other updates, key highlights under the new Companies Act 2016, Bursa Malaysia sustainability reporting for listed issuers, new and revised Auditor Reporting Standards and amendments to the Main Market and Ace Market Listing Requirements of Bursa Securities.

Internal Audit

a. reviewed eight Internal Audit Reports on various non-listed operating subsidiaries of the Group that are involved in the different activities such as:-

   i. Operation of complex and car park;
   ii. Management of ferry terminal;
   iii. Investment holding, property investment and property development;
   iv. Operation of hotel;
   v. Management and operation of theme park; and
   vi. Operation of Sarawak Turf & Equestrian Club's Special Cash Sweep Number Forecast Lotteries.

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

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

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

b. reviewed and approved the Internal Audit Plan for financial year ending 30 June 2018 to ensure there is adequate scope and comprehensive coverage over the activities of the non-listed operating subsidiaries of the Company and the Group and that all the risk areas are audited annually.

Recurrent Related Party Transactions

a. reviewed the Circular to Shareholders in connection with the recurrent related party transactions ("RRPT") that arose within the Group to ensure that the transactions are fair and reasonable to, and are not to the detriment of, the minority shareholders.

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

   (i) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;

   (ii) The Related Parties and interested Directors will be notified of the method and/or procedures of the RRPT of the Group;

   (iii) Records of RRPT will be retained and compiled by accountant for submission to the auditors and the ARMC for review;

   (iv) The ARMC is to provide a statement that it has reviewed the terms of the RRPT to ensure that such transactions are undertaken based on terms not more favourable to the Related Party than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the Group;

   (v) Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any person connected with them will also abstain from voting on the resolution at the Extraordinary General Meeting or Annual General Meeting to be convened for the purpose; and

   (vi) Disclosures will be made in the annual report on the breakdown of the aggregate value of the RRPT during the financial year, amongst others, based on the following information:-

      (a) the type of the RRPT made; and

      (b) the names of the Related Parties involved in each type of the RRPT made and their relationships with the Group.

Related Party Transactions

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

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

   i. proposed acquisition by the Company and/or its subsidiary companies of up to 1.0 million ordinary shares in Atlan Holdings Bhd in the open market and/or via direct business transactions over a period of 12 months based on the then prevailing market prices;

   ii. proposed acquisition by the Company and/or its subsidiary companies of such number of ordinary shares in 7-Eleven Malaysia Holdings Berhad from Berjaya Retail Berhad via direct business transactions over a period of 6 months based on the then prevailing market price for a total cash consideration of up to RM30.0 million;

   iii. proposed acquisition by the Company and/or its subsidiary companies of additional ordinary shares of up to 22.0 million in 7-Eleven Malaysia Holdings Berhad in the open market or via direct business transactions over a period of 6 months based on the then prevailing market prices;

   iv. proposed acquisitions by the Company and/or its subsidiary companies of up to 5.0 million ordinary shares in Berjaya Land Berhad and up to 1.5 million ordinary shares in Berjaya Food Berhad, both in the open market and/or via direct business transactions over a period of 6 months based on the then prevailing market prices;

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

vi. proposed acquisition by the Company and/or its subsidiary companies of up to 2.0 million ordinary shares in Berjaya Sports Toto Berhad in the open market and/or via direct business transactions over a period of 12 months based on the then prevailing market prices.

Risk Management Activities

a. Reviewed the risk management activities of the Company's subsidiaries namely, Berjaya Times Square Sdn Bhd group of companies and Natural Avenue Sdn Bhd.

b. Reviewed the summary of the risk register covering areas such as the likelihood of occurrence of the identified risks, the impact of the risks, risk score, risk treatment, risk owner and control effectiveness to ensure that the management of the relevant risks is appropriately placed within the Group.

Other Activities

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

b. Reviewed and recommended to the Board for approval the revised terms of reference of ARMC following the amendments to the Main Market Listing Requirements of Bursa Securities which took effect from 3 May 2016 as follows:-

(i) to make available the terms of reference of the ARMC on the Company's website; and

(ii) to strengthen the role of the ARMC when reviewing financial statements by requesting the ARMC to also focus on amongst others, significant matters highlighted in the financial statements and significant judgements made by management.

## SUMMARY OF THE WORKS OF THE INTERNAL AUDIT FUNCTION

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

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

The activities undertaken by the Internal Audit Division during the financial year ended 30 June 2017 included the following:

1. Tabled Internal Audit Plan for the ARMC's review and endorsement.

2. Reviewed the existing systems, controls and governance processes of various operating units within the Group.

3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.

4. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.

5. Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls to the ARMC and the respective operations management.

6. Presented the internal audit reports to the ARMC for review.

7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

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

The cost incurred for the Internal Audit function in respect of the financial year ended 30 June 2017 was approximately RM250,000.

## TERMS OF REFERENCE OF THE ARMC

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

# FINANCIAL STATEMENTS

## 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 2017.

## 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 | (12,217) | (56,570) |
| Attributable to: | | |
| Owners of the Parent | (11,437) | (56,570) |
| Non-controlling interests | (780) | - |
| | (12,217) | (56,570) |

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.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and fully paid-up ordinary shares from RM1,113,042,000 to RM1,447,277,000 by way of:

(i) issuance of 75,250,000 new ordinary shares of RM1.00 each persuant to the exercise of warrants at RM1.00 per share; and

(ii) transfer of share premium to share capital in accordance with the Companies Act 2016 amounting to RM258,985,000.

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 2016 | 415,982 |
| Exercised | (75,250) |
| As of 30 June 2017 | 340,732 |

The main features of the Warrants 2008/2018 are disclosed in Note 17 to the financial statements.

## DIRECTORS

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:

| | |
|---|---|
| Datuk Wira Lye Ek Seang | |
| Morvin Tan U-Jiang | |
| Chryseis Tan Sheik Ling | (Appointed on 7 December 2016) |
| Koh Huey Min | (Appointed on 23 June 2017) |
| Chan Kien Sing | |
| Datuk Robert Yong Kuen Loke | |
| Heng Kiah Choong | |
| Dato' Mohd Salleh Bin Ahmad | |
| YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin | (Resigned on 23 February 2017) |
| Lim Meng Kwong | (Resigned on 18 May 2017) |

## 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 43 to the financial statements.

## DIRECTORS' INTERESTS IN SHARES

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

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 49 to the financial statements.

## SUBSEQUENT EVENT

Subsequent event is disclosed in Note 50 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.

## OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

**OTHER STATUTORY INFORMATION (CONTD.)**

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability 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' REMUNERATION**

The amount payable as remuneration of the auditors for the financial year ended 30 June 2017 is as disclosed in Note 36 to the financial statements.

**AUDITORS**

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

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

MORVIN TAN U-JIANG HENG KIAH CHOONG
4 October 2017

# STATEMENT BY **DIRECTORS**

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

We, MORVIN TAN U-JIANG 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 47 to 151 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 2017 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 53 to the financial statements on page 152 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 4 October 2017.

MORVIN TAN U-JIANG

HENG KIAH CHOONG

# STATUTORY **DECLARATION**

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

I, KOH HUEY MIN, 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 47 to 151 and the information set out on page 152 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 KOH HUEY MIN
at Kuala Lumpur in the Federal Territory
on 4 October 2017.

KOH HUEY MIN

Before me,

OOI AH BAH (W 152)
Commissioner for Oaths
Kuala Lumpur

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **NON-CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 5 | 303,657 | 286,150 | 83 | 114 |
| Investment properties | 6 | 2,508,166 | 2,465,298 | - | - |
| Land held for property development | 7 | 99,197 | 97,772 | - | - |
| Prepaid lease payments | 8 | 5,291 | - | - | - |
| Subsidiary companies | 9 | - | - | 1,286,271 | 1,333,359 |
| Associated company | 10 | - | - | - | - |
| Joint ventures | 11 | 14,882 | 16,379 | - | - |
| Other investments | 12 | 187,641 | 168,785 | 542 | 556 |
| Deferred tax assets | 26 | 15,169 | 16,878 | - | - |
| Intangible assets | 13 | 57,811 | 96,640 | - | - |
| Receivables | 15 | - | - | 128,217 | 74,311 |
| | | 3,191,814 | 3,147,902 | 1,415,113 | 1,408,340 |
| **CURRENT ASSETS** | | | | | |
| Inventories | 14 | 196,948 | 196,292 | - | - |
| Receivables | 15 | 41,028 | 37,817 | 219,003 | 363,519 |
| Tax recoverable | | 249 | 43 | 70 | - |
| Cash and bank balances | 16 | 89,212 | 77,355 | 10,154 | 5,212 |
| | | 327,437 | 311,507 | 229,227 | 368,731 |
| **TOTAL ASSETS** | | 3,519,251 | 3,459,409 | 1,644,340 | 1,777,071 |

# STATEMENTS OF
# FINANCIAL POSITION
AS OF 30 JUNE 2017

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Note | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **EQUITY** | | | | | |
| Share capital | 17 | 1,447,277 | 1,113,042 | 1,447,277 | 1,113,042 |
| Share premium | 18 | - | 258,985 | - | 258,985 |
| Available-for-sale reserve | 19 | 15,949 | 30,481 | 157 | 173 |
| Foreign currency translation reserve | 20 | 10,068 | 7,558 | - | - |
| Retained earnings | 21 | 769,361 | 780,798 | 43,404 | 99,974 |
| Equity funds | | 2,242,655 | 2,190,864 | 1,490,838 | 1,472,174 |
| Non-controlling interests | | 8,672 | 9,175 | - | - |
| Total equity | | 2,251,327 | 2,200,039 | 1,490,838 | 1,472,174 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Bank borrowings | 22 | 612,924 | 572,125 | - | 247,700 |
| Senior bonds | 23 | 119,514 | 119,338 | - | - |
| Hire purchase liabilities | 24 | 1,215 | 1,059 | 35 | 58 |
| Long term liabilities | 25 | 187,060 | 175,396 | - | - |
| Deferred tax liabilities | 26 | 111,126 | 92,733 | 20 | 27 |
| | | 1,031,839 | 960,651 | 55 | 247,785 |
| **CURRENT LIABILITIES** | | | | | |
| Payables | 27 | 126,071 | 127,230 | 153,424 | 56,801 |
| Bank borrowings | 22 | 64,035 | 118,993 | - | - |
| Senior bonds | 23 | 39,911 | 39,896 | - | - |
| Hire purchase liabilities | 24 | 496 | 303 | 23 | 24 |
| Provisions | 28 | 804 | 644 | - | - |
| Tax payable | | 4,768 | 11,653 | - | 287 |
| | | 236,085 | 298,719 | 153,447 | 57,112 |
| Total liabilities | | 1,267,924 | 1,259,370 | 153,502 | 304,897 |
| **TOTAL EQUITY AND LIABILITIES** | | 3,519,251 | 3,459,409 | 1,644,340 | 1,777,071 |

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

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2017** | **2016** | **2017** | **2016** |
| | **Note** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 29 | 356,358 | 387,092 | 739 | 107,670 |
| Cost of sales | 30 | (149,971) | (176,006) | - | - |
| Gross profit | | 206,387 | 211,086 | 739 | 107,670 |
| Fair value changes on investment properties | 6 | 33,132 | 635 | - | - |
| Other income | 31 | 30,096 | 14,052 | 8,255 | 9,682 |
| Distribution and marketing expenses | | (5,675) | (5,240) | - | - |
| Administrative expenses | | (118,507) | (113,533) | (2,503) | (3,264) |
| Other expenses | 34 | (67,214) | (80,202) | (48,105) | (90,240) |
| | | 78,219 | 26,798 | (41,614) | 23,848 |
| Finance costs | 35 | (68,598) | (53,606) | (13,467) | (10,093) |
| Share of results of joint ventures | | (1,730) | (791) | - | - |
| Profit/(Loss) before tax | 36 | 7,891 | (27,599) | (55,081) | 13,755 |
| Income tax expense | 37 | (20,108) | (19,135) | (1,489) | (1,953) |
| (Loss)/Profit for the year | | (12,217) | (46,734) | (56,570) | 11,802 |
| Attributable to: | | | | | |
| Owners of the Parent | | (11,437) | (54,122) | (56,570) | 11,802 |
| Non-controlling interests | | (780) | 7,388 | - | - |
| | | (12,217) | (46,734) | (56,570) | 11,802 |
| **Loss per share attributable to owners of the Parent (sen)** | | | | | |
| Basic | 38 | (1.02) | (4.86) | | |
| Fully diluted | 38 | (1.02) | (4.86) | | |

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 2017

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| (Loss)/Profit for the year | (12,217) | (46,734) | (56,570) | 11,802 |
| Other comprehensive income: | | | | |
| Items that may be subsequently reclassified to profit or loss | | | | |
| Net (loss)/gain on available-for-sale investments: | | | | |
| - (Loss)/Gain on fair value changes | (13,331) | 7,750 | (16) | (183) |
| - Transfer to statement of profit or loss upon disposal | (1,201) | (790) | - | (790) |
| Currency translation difference | 2,787 | (615) | - | - |
| Total comprehensive income for the year | (23,962) | (40,389) | (56,586) | 10,829 |
| Attributable to: | | | | |
| Owners of the Parent | (23,459) | (47,570) | (56,586) | 10,829 |
| Non-controlling interests | (503) | 7,181 | - | - |
| | (23,962) | (40,389) | (56,586) | 10,829 |

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

# CONSOLIDATED STATEMENT OF
# CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

| | <------ Attributable to the owners of the Parent | | | | | ------> | | |
|---|---|---|---|---|---|---|---|---|
| | <------ Non-distributable | | | ------> | Distributable | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Available-for-sale 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 |
| **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 |
| **As of 1 July 2015** | 1,113,042 | 258,985 | 25,416 | 7,178 | 708,901 | 2,113,522 | 416,711 | 2,530,233 |
| Total comprehensive income | - | - | 6,254 | 298 | (54,122) | (47,570) | 7,181 | (40,389) |
| Transactions with owners: | | | | | | | | |
| Acquisition of remaining equity interest in a subsidiary company | - | - | (1,189) | 82 | 137,149 | 136,042 | (386,042) | (250,000) |
| Dividends (Note 39) | - | - | - | - | (11,130) | (11,130) | - | (11,130) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | (28,675) | (28,675) |
| **As of 30 June 2016** | 1,113,042 | 258,985 | 30,481 | 7,558 | 780,798 | 2,190,864 | 9,175 | 2,200,039 |

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

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2017

| | Share Capital RM'000 | Share Premium RM'000 | Available-for-sale Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| | | <---Non-distributable---> | | Distributable | |
| **As of 1 July 2016** | 1,113,042 | 258,985 | 173 | 99,974 | 1,472,174 |
| Total comprehensive income | - | - | (16) | (56,570) | (56,586) |
| Transaction 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** | 1,447,277 | - | 157 | 43,404 | 1,490,838 |
| **As of 1 July 2015** | 1,113,042 | 258,985 | 1,146 | 99,302 | 1,472,475 |
| Total comprehensive income | - | - | (973) | 11,802 | 10,829 |
| Transaction with owners: | | | | | |
| Dividends (Note 39) | - | - | - | (11,130) | (11,130) |
| **As of 30 June 2016** | 1,113,042 | 258,985 | 173 | 99,974 | 1,472,174 |

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

# CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 RM'000 | 2016 RM'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 388,280 | 441,456 |
| Payments to suppliers, prize winners and other operating expenses | | (282,844) | (311,129) |
| Payments for pool betting duties, gaming tax, royalties and other government contributions | | (30,598) | (38,622) |
| Tax refund | | 50 | 197 |
| Payment of taxes | | (14,047) | (15,566) |
| Other (payments)/receipts | | (7,173) | 4,820 |
| Net cash generated from operating activities | | 53,668 | 81,156 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from disposal of property, plant and equipment | | 123 | 1 |
| Acquisition of property, plant and equipment | (a) | (2,453) | (4,165) |
| Acquisition of properties | (b) | (2,656) | (18,116) |
| Payment for intangible assets | | - | (648) |
| Sale of other investments | | 7,816 | 1,205 |
| Proceeds from disposal of investment properties | | - | 8,208 |
| Subscription of redeemable preference shares in a joint venture | | - | (3,000) |
| Acquisition of equity interest in a subsidiary company regarded as business combination | (c) | (24,719) | - |
| Acquisition of equity interest in subsidiary companies | | (4) | (1) |
| Acquisition of remaining equity interest in a subsidiary company | | - | (250,000) |
| Acquisition of other investments | | (63,012) | (4,638) |
| Interest received | | 2,044 | 2,865 |
| Dividends received | | 213 | 1,666 |
| Deposit paid in relation to proposed acquisition of investments | | (5,400) | (5,186) |
| Net cash used in investing activities | | (88,048) | (271,809) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of shares | | 75,250 | - |
| Drawdown of borrowings and loans | | 535,076 | 453,000 |
| Repayment of borrowings and loans | | (502,543) | (186,211) |
| Interest paid | | (51,348) | (47,432) |
| Payment of hire purchase liabilities | | (467) | (175) |
| Dividends paid to shareholders of the Company | | - | (11,130) |
| Dividends paid to non-controlling interests | | - | (28,675) |
| (Placements with)/Withdrawals from banks as security pledged for borrowings | | (20,640) | 36,282 |
| Net cash generated from financing activities | | 35,328 | 215,659 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | 948 | 25,006 |
| **EFFECTS OF EXCHANGE RATE CHANGES** | | 69 | (603) |
| **OPENING CASH AND CASH EQUIVALENTS** | | 40,591 | 16,188 |
| **CLOSING CASH AND CASH EQUIVALENTS** | (d) | 41,608 | 40,591 |

| | | 2017 RM'000 | 2016 RM'000 |
|---|---|---|---|
| (a) | The additions to property, plant and equipment consist of the following: | | |
| | Payment by cash | 2,453 | 4,165 |
| | Financed by hire purchase | 811 | 1,328 |
| | Deferred payment | 219 | 692 |
| | Total (Note 5) | 3,483 | 6,185 |
| (b) | The additions to properties consist of the following: | | |
| | Payment by cash | 2,656 | 18,116 |
| | Other payables and accrued expenses | 173 | 290 |
| | Advance payment in prior year | - | 314 |
| | Total (Notes 6 and 7) | 2,829 | 18,720 |
| (c) | Analysis of the effects of the acquisition of equity interest in a subsidiary company on cash flows are 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 | 29,647 | - |
| | 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 | 24,719 | - |
| (d) | The closing cash and cash equivalents consist of: | | |
| | Deposits with licensed banks (Note 16) | 58,436 | 40,564 |
| | Cash on hand and at banks (Note 16) | 30,776 | 36,791 |
| | | 89,212 | 77,355 |
| | Less: | | |
| | Bank overdraft (Note 22) | - | (9,800) |
| | Cash and cash equivalents restricted in usage | (47,604) | (26,964) |
| | | 41,608 | 40,591 |

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

| | Note | 2017 RM'000 | 2016 RM'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Payments for operating expenses | | (3,829) | (3,179) |
| Tax refund | | - | 13 |
| Payment of taxes | | (1,767) | (1,987) |
| Net cash used in operating activities | | (5,596) | (5,153) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | | (4) | - |
| Sale of other investments | | - | 1,205 |
| Acquisition of remaining equity interest in a subsidiary company | | - | (250,000) |
| Subscription of additional shares in a subsidiary company | | (1,000) | - |
| Acquisition of equity interest in subsidiary companies | | (4) | (1) |
| Interest received | | 8,162 | 8,799 |
| Dividends received | | - | 106,945 |
| Net cash generated from/(used in) investing activities | | 7,154 | (133,052) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of shares | | 75,250 | - |
| Drawdown of borrowings and loans | | - | 250,000 |
| Repayment of borrowings and loans | | (250,000) | - |
| Interest paid | | (11,163) | (9,790) |
| Payment of hire purchase liabilities | | (28) | (27) |
| Inter-company receipts/(payments) | | 189,325 | (87,407) |
| Dividends paid to shareholders of the Company | | - | (11,130) |
| Withdrawal from/(Placements with) bank as security pledged for borrowing | | 1,523 | (1,523) |
| Net cash generated from financing activities | | 4,907 | 140,123 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | 6,465 | 1,918 |
| **OPENING CASH AND CASH EQUIVALENTS** | | 3,689 | 1,771 |
| **CLOSING CASH AND CASH EQUIVALENTS** | (a) | 10,154 | 3,689 |

(a) The closing cash and cash equivalents consist of:

| | 2017 RM'000 | 2016 RM'000 |
|---|---|---|
| Deposits with licensed banks (Note 16) | 10,119 | 5,179 |
| Cash on hand and at banks (Note 16) | 35 | 33 |
| | 10,154 | 5,212 |
| Less: | | |
| Cash and cash equivalents restricted in usage | - | (1,523) |
| | 10,154 | 3,689 |

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

## 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 4 October 2017.

## 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.

On 15 Sep 2016, the Companies Act 2016 was enacted and it replaced the Companies Act 1965 in Malaysia with effect from 31 January 2017. The key changes are disclosed in Note 3.2 (28).

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

### 2.1 Adoption of new and revised Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new and revised MFRSs and amendments to MFRSs issued by Malaysian Accounting Standards Board that are relevant to their operations and effective for annual financial periods beginning on or after 1 July 2016.

| | |
|---|---|
| MFRS 10 | Consolidated Financial Statements (Amendments relating to Investment Entities: Applying the Consolidation Exception) |
| MFRS 11 | Joint Arrangements (Amendments relating to Accounting for Acquisitions of interests in Joint Operations) |
| MFRS 12 | Disclosure of Interest in Other Entities (Amendments relating to Investment Entities: Applying the Consolidation Exception) |
| MFRS 14 | Regulatory Deferral Accounts |
| MFRS 101 | Presentation of Financial Statements (Amendments relating to Disclosure Initiative) |
| MFRS 116 | Property, Plant and Equipment (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation) |
| MFRS 116 and MFRS 141 | Property, Plant and Equipment and Agriculture (Amendments relating to Agriculture: Bearer Plants ) |
| MFRS 127 | Consolidated and Separate Financial Statements (Amendments relating to Equity Method in Separate Financial Statements) |
| MFRS 128 | Investments in Associates (Amendments relating to Investment Entities: Applying the Consolidation Exception) |
| MFRS 138 | Intangible Assets (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation) |

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

The adoption of these new and revised MFRSs and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

## 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 new and revised MFRSs and amendments to MFRSs which were in issued but not yet effective and not early adopted by the Group and by the Company are listed as below:

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

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

Annual Improvements to MFRS Standards 2014 - 2016 Cycle (issued in December 2016)

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

| | |
|---|---|
| MFRS 2 | Share-based Payment (Amendments relating to Classification and Measurement of Share-based Payment Transactions) |
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in July 2014) |
| MFRS 15 | Revenue from Contracts with Customers |
| Clarifications to MFRS 15 | Revenue from Contracts with Customers |
| MFRS 140 | Investment Property (Amendments relating to Transfer of Investment Property) |

Annual Improvements to MFRS Standards 2014 - 2016 Cycle (issued in December 2016)

| | |
|---|---|
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |

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

| | |
|---|---|
| MFRS 16 | Leases |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments |

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

| | |
|---|---|
| MFRS 17 | Insurance Contracts |

Effective date to be announced by IASB:

| | |
|---|---|
| MFRS 10 | Consolidated Financial Statements (Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) |
| MFRS 128 | Investments in Associates and Joint Ventures (Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) |

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

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

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

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

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

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

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

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

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

**(iii) MFRS 9 - Financial Instruments**

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

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

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

**(iii) MFRS 9 - Financial Instruments (contd.)**

Key requirements of MFRS 9 are described as follows:

- All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are (i) held within a business model whose objective is to collect the contractual cash flows, and (ii) that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are (i) held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and (ii) that have contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value through profit or loss. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

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

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

**(iii) MFRS 9 - Financial Instruments (contd.)**

The Directors anticipate that the application of MFRS 9 would not have significant impact on amounts reported in respect of the Group's and of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until a detailed review has been completed.

**(iv) MFRS 15 - Revenue from Contracts with Customers**

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

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

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

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

The Directors anticipate that the application of MFRS 15 would not have significant impact on the Group's and the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until a detailed review has been completed.

**(v) MFRS 16 - Leases**

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

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

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

**(v) MFRS 16 - Leases (contd.)**

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

The Directors of the Group and of the Company do not anticipate that the application of the amendments will have a material impact on the Group's and the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until a detailed review has been completed.

## 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.

## 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.

## 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.

**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.

## 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.

## 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) Land Held for Property Development

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

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

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

#### (7) Prepaid Lease Payments

Leasehold land, with 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.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**3.2 Summary of Significant Accounting Policies (contd.)**

**(7) Prepaid Lease Payments (contd.)**

Leasehold land is amortised in equal instalments over the remaining lease period of 15 years.

**(8) 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 |

**(9) 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (9) Inventories (contd.)

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.

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.

#### (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.

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 45.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (10) Fair Value Measurement (contd.)

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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

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

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.

(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.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**3.2 Summary of Significant Accounting Policies (contd.)**

**(12) Financial Assets (contd.)**

(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.

(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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (12) Financial Assets (contd.)

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

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.

#### (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.

## 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

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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (15) Financial Liabilities (contd.)

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

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, Senior Bonds and loans and borrowings.

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

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

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

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

Offsetting of financial instruments

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

#### (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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (16) Financial Guarantee Contracts (contd.)

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.

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.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**3.2 Summary of Significant Accounting Policies (contd.)**

**(17) Provisions (contd.)**

(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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (19) Taxes (contd.)

(i) Current Tax (contd.)

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

(ii) Deferred Tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

(ii) Deferred Tax (contd.)

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

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

(iii) Gaming and Sales Tax

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

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

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

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

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (20) Foreign Currencies (contd.)

(ii) Foreign Currency Transactions

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

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

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

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

(iii) Foreign Operations

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

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

- 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

**(20) Foreign Currencies (contd.)**

(iii) Foreign Operations (contd.)

The principal closing rates used in translation are as follows:

| Foreign currency | Currency code | 2017 RM | 2016 RM |
|---|---|---|---|
| 1 Great Britain Pound | GBP | 5.590 | 5.405 |
| 1 Singapore Dollar | SGD | 3.114 | 2.984 |
| 1 United States Dollar | USD | 4.295 | 4.021 |

**(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.

**(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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (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.

(vi) Rental Income

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

(vii) Sale of Goods and Properties

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

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

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

(ix) Sales of Food and Beverage

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

#### (24) Revenue Recognition (contd.)

(x) Assembly Charges

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

(xi) Other Income

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

#### (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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 3.2 Summary of Significant Accounting Policies (contd.)

**(26) Segment Information (contd.)**

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

**(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.

**(28) Significant Changes in Regulatory Requirements**

Companies Act 2016 ("New Act")

Amongst the key changes introduced in the New Act which have affected the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January 2017 are:

- the removal of authorised share capital;
- the ordinary shares of the Company will cease to have par or nominal value; and
- the Company's share premium will become part of the share capital.

The adoption of the New Act has no financial impact on the Group and on the Company for the financial year ended 30 June 2017. The effect of adoption is mainly on the disclosures to the financial statements of the Group and of the Company.

## 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 2017, the amount of impairment loss recognised for available-for-sale investments was RM24,742,000 (2016 : RM13,590,000) for the Group and RM13,000 (2016 : RMNil) for the Company as disclosed in Note 34.

## 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 provided previously and the taxes in dispute amounted to RM180.73 million, inclusive of further tax penalties amounted to RM72.82 million, is now disclosed as contingent liabilities.

As of the date of issue of these financial statements, the litigations are still on-going.

#### (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 2017, 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.

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

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

**(vii) Sale and buyback transaction**

In prior year, 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 Transaction had been completed during the financial year.

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 assesed 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 property, plant and equipment**

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

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

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

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

#### (iii) Impairment of investments in subsidiary companies, 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.

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.

#### (iv) Depreciation of property, plant and equipment

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

#### (v) Impairment of loans and receivables

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

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

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

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

#### (vi) Income tax

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

#### (vii) Deferred tax assets

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

#### (viii) Fair values of investment properties

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

During the financial year, the independent professional valuer determined the fair value of the investment property of BTS Car Park Sdn Bhd, a wholly-owned subsidiary company of the Group based on comparable transactions. Accordingly, the investment property is now valued using the Comparison Method which uses significant observable inputs instead of Investment Method. The fair value measurement is therefore remained categorised as Level 3.

## 5 PROPERTY, PLANT AND EQUIPMENT

**GROUP**

| As of 30 June 2017 | Net carrying amount as of 1.7.2016 RM'000 | Additions RM'000 | Acquisition of a subsidiary company RM'000 | Reclassi-fication RM'000 | Disposal/ Write off RM'000 | Depre-ciation RM'000 | Exchange differences RM'000 | Net carrying amount as of 30.6.2017 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 |

## 5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

### GROUP

| As of 30 June 2016 | Net carrying amount as of 1.7.2015 RM'000 | Additions RM'000 | Acquisition of a subsidiary company RM'000 | Reclassi-fication RM'000 | Disposal/ Write off RM'000 | Depre-ciation RM'000 | Exchange differences RM'000 | Net carrying amount as of 30.6.2016 RM'000 |
|---|---|---|---|---|---|---|---|---|
| Freehold building | 155,032 | - | - | - | - | (4,107) | - | 150,925 |
| Long term leasehold land and buildings | 110,289 | - | - | - | - | (3,437) | - | 106,852 |
| Short term leasehold land and buildings | 3,827 | - | - | - | - | (102) | - | 3,725 |
| Plant, machinery and equipment | 6,364 | - | - | - | - | (843) | - | 5,521 |
| Computer equipment | 6,267 | 339 | - | - | - | (1,387) | (2) | 5,217 |
| Renovation | 535 | 1,166 | - | 3,274 | - | (825) | - | 4,150 |
| Furniture, fittings and office equipment | 5,856 | 1,323 | - | - | (3) | (1,024) | - | 6,152 |
| First aid and theme park equipment | 44 | 30 | - | - | - | (22) | - | 52 |
| Motor vehicles | 1,585 | 287 | - | - | - | (519) | (4) | 1,349 |
| Capital work-in-progress | 2,354 | 3,035 | - | (3,274) | - | - | (117) | 1,998 |
| Others | 248 | 5 | - | - | - | (44) | - | 209 |
| | 292,401 | 6,185 | - | - | (3) | (12,310) | (123) | 286,150 |

## 5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

**GROUP**

| As of 30 June 2017 | Cost RM'000 | Accumulated depreciation RM'000 | Net carrying amount RM'000 |
|---|---|---|---|
| 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 |

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

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

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Computer equipment | 46 | 61 |
| Renovation | 686 | 885 |
| Motor vehicles | 518 | 100 |
| Furniture, fittings and office equipment | 739 | 463 |
| | 1,989 | 1,509 |

## 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 | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Freehold building | 4,481 | 150,925 |
| Long term leasehold land and buildings | - | 106,852 |
| Plant, machinery and equipment | - | 5,460 |
| Computer equipment | 97 | 1,165 |
| Renovation | 69 | 3,003 |
| Furniture, fittings and office equipment | 276 | 4,773 |
| First aid and theme park equipment | - | 52 |
| Motor vehicles | 721 | 788 |
| Capital work-in-progress | - | 295 |
| | 5,644 | 273,313 |

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

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| At cost: | | |
| Plant, machinery and equipment | 33,381 | 7,219 |
| Furniture, fittings and office equipment | 4,589 | 3,571 |
| Computer equipment | 3,525 | 2,827 |
| Renovation | 7,535 | 7,295 |
| First aid and theme park equipment | 38,428 | 38,354 |
| Motor vehicles | 1,986 | 1,521 |
| Cinema fixtures, fittings and equipment | 500 | 500 |
| Others | 449 | 447 |
| | 90,393 | 61,734 |

## 5 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

### COMPANY

| | Net carrying amount as of 1.7.2016 / 1.7.2015 RM'000 | Additions RM'000 | Depre-ciation RM'000 | Net carrying amount as of 30.6.2017 / 30.6.2016 RM'000 |
|---|---|---|---|---|
| **As of 30 June 2017** | | | | |
| Computer equipment | 14 | 4 | (6) | 12 |
| Motor vehicle | 100 | - | (29) | 71 |
| | 114 | 4 | (35) | 83 |
| **As of 30 June 2016** | | | | |
| Computer equipment | 24 | - | (10) | 14 |
| Motor vehicle | 128 | - | (28) | 100 |
| | 152 | - | (38) | 114 |

| | Cost RM'000 | Accumulated depreciation RM'000 | Net carrying amount RM'000 |
|---|---|---|---|
| **As of 30 June 2017** | | | |
| Computer equipment | 74 | 62 | 12 |
| Motor vehicle | 142 | 71 | 71 |
| | 216 | 133 | 83 |
| **As of 30 June 2016** | | | |
| Computer equipment | 70 | 56 | 14 |
| Motor vehicle | 142 | 42 | 100 |
| | 212 | 98 | 114 |

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

| | Company 2017 RM'000 | Company 2016 RM'000 |
|---|---|---|
| Motor vehicles | 71 | 100 |

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

| | Company 2017 RM'000 | Company 2016 RM'000 |
|---|---|---|
| At cost: | | |
| Computer equipment | 48 | 24 |

## 6 INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| At fair value: | | |
| As of 1 July 2016/2015 | 2,465,298 | 2,475,216 |
| Fair value changes | 33,132 | 635 |
| Additions during the year | 1,404 | 16,482 |
| Disposals during the year | (11) | (2,930) |
| Exchange differences | 8,343 | (24,105) |
| As of 30 June 2017/2016 | 2,508,166 | 2,465,298 |

In prior year, BTSSB has entered into Sale and Purchase Agreements ("SPAs") with an independent third party, Datuk Bandar Kuala Lumpur ("DBKL") to dispose of two parcels of commercial premise ("Properties") with carrying amount of RM82,650,000 for a total cash consideration of RM150.0 million as disclosed in Note 49(a). The said transaction had been completed during the financial year and is regarded as a financing arrangement as disclosed in Note 25(a).

Investment properties amounting to RM2,168,859,000 (2016 : RM2,455,948,000) have been pledged to financial institutions for credit facilities as referred to in Notes 22 and 23.

Included in the investment properties are RM475,872,000 (2016 : RM466,429,000) representing investment properties held under lease terms.

The fair values of the Group's investment properties at 30 June 2017 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.

During the financial year, the independent professional valuer determined the fair value of the investment property of BTS Car Park Sdn Bhd, a wholly-owned subsidiary company of the Group based on comparable transactions. Accordingly, the investment property is now valued using the Comparison Method which uses significant observable inputs instead of Investment Method. The fair value measurement is therefore remained categorised as Level 3.

Fair value hierarchy disclosures for investment properties have been provided in Note 45.

## 7 LAND HELD FOR PROPERTY DEVELOPMENT

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| As of 1 July 2016/2015: | | |
| Freehold land cost | 97,772 | 95,071 |
| Additions during the year: | | |
| Development costs | 1,425 | 2,238 |
| Reversal of impairment during the year | - | 463 |
| As of 30 June 2017/2016 | 99,197 | 97,772 |

## 8 PREPAID LEASE PAYMENTS

| | Group | |
|---|---|---|
| | **2017 RM'000** | **2016 RM'000** |
| **Cost** | | |
| As of 1 July 2016/2015: | - | - |
| Arising from acquisition of a subsidiary company | 8,510 | - |
| As of 30 June 2017/2016 | 8,510 | - |
| **Accumulated amortisation** | | |
| As of 1 July 2016/2015: | - | - |
| Arising from acquisition of a subsidiary company | 3,210 | - |
| Amortisation (Note 36) | 9 | - |
| As of 30 June 2017/2016 | 3,219 | - |
| **Net carrying amount** | | |
| As of 30 June 2017/2016 | 5,291 | - |

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

## 9 SUBSIDIARY COMPANIES

| | Company | |
|---|---|---|
| | **2017 RM'000** | **2016 RM'000** |
| Unquoted shares at cost | 1,425,283 | 1,424,279 |
| Less: Accumulated impairment (Note 34) | (139,012) | (90,920) |
| | 1,286,271 | 1,333,359 |

The Group's equity interest in the subsidiary companies, details of their respective principal activities and countries of incorporation are shown in Note 52.

As of 30 June 2017, 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 RM48,092,000 (2016 : RM90,218,000) as disclosed in Note 34.

(a) **The changes to the composition of the Group for the financial year ended 30 June 2017 are as follows:**

(i) Acquisition of 100% equity interest comprising 2 ordinary shares in Fasa Budaya Sdn Bhd ("FBSB") for a total cash consideration of RM1,840. FBSB is presently dormant and the intended principal activity is investment holding. The acquisition of FBSB did not have any material effect on the financial results of the Group as the said company has remained dormant subsequent to the acquisition;

## 9 SUBSIDIARY COMPANIES (CONTD.)

**(a) The changes to the composition of the Group for the financial year ended 30 June 2017 are as follows (contd.):**

(ii) Acquisition of 100% equity interest comprising 1 ordinary share in Ascend Asap Sdn Bhd ("AASB") (formerly known as Gaya Mustika Sdn Bhd) for a total cash consideration of RM1,640. AASB is presently dormant and the intended principal activity is investment holding. The acquisition of AASB did not have any material effect on the financial results of the Group as the said company has remained dormant subsequent to the acquisition;

(iii) Subscription of additional 999,998 ordinary shares in Berjaya Assets Food (BAF) Sdn Bhd ("BAF") for a total cash consideration of RM999,998. Consequently, BAF has increased its issued and fully paid share capital from RM2 to RM1 million by an allotment of 999,998 ordinary shares; and

(iv) Acquisition of 100% equity interest comprising 38.0 million ordinary shares in Oriental Assemblers Sdn Bhd ("OASB") for a total cash consideration of RM29.6 million by Aroma Kiara Sdn Bhd, a wholly owned subsidiary of the Company. The principal activities of OASB consist of those relating to vehicle assembly and the manufacturing and sale of engines and transmissions.

The provisional fair values of the identifiable assets and liabilities of the acquisition of OASB, which qualified as business combination are as follows:

| **Group** | **2017 RM'000** |
|---|---|
| Non-current assets | 34,349 |
| Current assets | 2,498 |
| Non-current liabilities | (7,022) |
| Current liabilities | (1,479) |
| Total net assets acquired | 28,346 |
| Goodwill on consolidation (Note 13) | 1,301 |
| Total cost of acquisition | 29,647 |

The acquisition of OASB, which qualified as business combination contributed the following results from its date of acquistion to the Group:

| **Group** | **2017 RM'000** |
|---|---|
| Revenue | 93 |
| Loss for the year | (288) |

Provisional accounting of acquisition regarded as business combination

The fair value adjustments as at 31 May 2017 and the goodwill on acquisition are provisional as the Group is currently undertaking a purchase price allocation exercise to identify and measure intangible assets, if any. The goodwill on acquisition is now provisionally estimated to be RM1.3 million. Goodwill arising from this acquisition and any identified intangible assets will be adjusted accordingly on a retrospective basis when the purchase price allocation exercise is finalised.

9 **SUBSIDIARY COMPANIES (CONTD.)**

The net cash flows on the acquisition of OASB, which qualified as business combination are as follows:

| **Group** | **2017 RM'000** |
|---|---|
| Purchase consideration to be satisfied by cash | 29,647 |
| 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 | 24,719 |

**(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** | |
|---|---|---|
| | **2017 %** | **2016 %** |
| Berjaya UK Investment and Development Ltd ("BIDL") | 30 | 30 |
| Natural Avenue Sdn Bhd ("NASB") | 35 | 35 |

| | **Profit/(Loss) allocated to non-controlling interests** | | **Accumulated non-controlling interests** | |
|---|---|---|---|---|
| | **2017 RM'000** | **2016 RM'000** | **2017 RM'000** | **2016 RM'000** |
| BIDL | (1,448) | (86) | 7,947 | 9,118 |
| NASB | 2,018 | 4,739 | 4,499 | 2,481 |
| Individually immaterial subsidiary companies with non-controlling interests | (1,350) | 2,735 | (3,774) | (2,424) |
| | (780) | 7,388 | 8,672 | 9,175 |

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 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 | 26,491 | 12,855 | 39,346 |

## 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** |
|---|---|---|---|
| Equity attributable to: | | | |
| - owners of the parent | 26,491 | 12,855 | 39,346 |
| - non-controlling interests | - | - | - |
| Total equity | 26,491 | 12,855 | 39,346 |

**Group**

| **As of 30 June 2016** | | | |
|---|---|---|---|
| Non-current assets | 245,507 | 9,797 | 255,304 |
| Current assets | 8,226 | 16,202 | 24,428 |
| Non-current liabilities | (178,365) | (1,190) | (179,555) |
| Current liabilities | (44,974) | (17,720) | (62,694) |
| Net assets | 30,394 | 7,089 | 37,483 |
| Equity attributable to: | | | |
| - owners of the parent | 30,394 | 7,089 | 37,483 |
| - non-controlling interests | - | - | - |
| Total equity | 30,394 | 7,089 | 37,483 |

**Group**

| **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 |

## 9 SUBSIDIARY COMPANIES (CONTD.)

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

**Group**

| **Year ended 30 June 2017** | **BIDL RM'000** | **NASB RM'000** | **Total RM'000** |
|---|---|---|---|
| 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 | - | - | - |

**Group**

| **Year ended 30 June 2016** | | | |
|---|---|---|---|
| Revenue | 12,575 | 190,239 | 202,814 |
| (Loss)/Profit for the year | (288) | 13,540 | 13,252 |
| Other comprehensive income | 36 | - | 36 |
| Total comprehensive income | (252) | 13,540 | 13,288 |
| (Loss)/Profit for the year attributable to: | | | |
| - owners of the parent | (288) | 13,540 | 13,252 |
| - non-controlling interests | - | - | - |
| | (288) | 13,540 | 13,252 |
| Total comprehensive income attributable to: | | | |
| - owners of the parent | (252) | 13,540 | 13,288 |
| - non-controlling interests | - | - | - |
| | (252) | 13,540 | 13,288 |
| Net cash generated from/(used in): | | | |
| - operating activities | 8,014 | 18,903 | 26,917 |
| - investing activities | (604) | 173 | (431) |
| - financing activities | (8,324) | (10,500) | (18,824) |
| Net change in cash and cash equivalents | (914) | 8,576 | 7,662 |
| Dividends paid to non-controlling interests | - | (3,675) | (3,675) |

## 10 ASSOCIATED COMPANY

| | Group 2017 RM'000 | Group 2016 RM'000 |
|---|---|---|
| Unquoted shares at cost | 530 | 530 |
| Share of post acquisition reserves | (30) | (30) |
| | 500 | 500 |
| Less : Intragroup adjustments | (500) | (500) |
| | - | - |

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

The details of the associated company are set out in Note 52.

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

| **Group**<br>**Megaquest Sdn Bhd**<br>**As of 30 June 2017/2016** | 2017 RM'000 | 2016 RM'000 |
|---|---|---|
| Non-current assets | 32 | 54 |
| Current assets | 1,686 | 1,657 |
| Non-current liabilities | - | - |
| Current liabilities | (7) | (8) |
| Net assets | 1,711 | 1,703 |
| Net assets attributable to: | | |
| Owners of the associated company | 856 | 852 |
| Non-controlling interests of the associated company | 855 | 851 |
| | 1,711 | 1,703 |
| **Year ended 30 June 2017/2016** | | |
| Revenue | 2 | 2 |
| Profit for the year | 8 | 26 |
| Other comprehensive income | - | - |
| Total comprehensive income | 8 | 26 |
| Profit for the year, representing total comprehensive income attributable to owners of the associated company | 8 | 26 |
| Dividends received from the associated company during the year | - | - |

## 10 ASSOCIATED COMPANY (CONTD.)

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

| **Group**<br>**Megaquest Sdn Bhd** | **2017**<br>**RM'000** | **2016**<br>**RM'000** |
|---|---|---|
| Attributable to the owners of associated company: | | |
| Net assets at 1 July 2016/2015 | 1,703 | 1,677 |
| Profit for the year | 8 | 26 |
| Net assets at 30 June 2017/2016 | 1,711 | 1,703 |
| Group's equity interest (%) | 50 | 50 |
| Interest in net assets of associated company | 856 | 852 |
| Less: Intragroup adjustments | (856) | (852) |
| Carrying value of Group's interest in the associated company | - | - |

## 11 JOINT VENTURES

| | **Group** | |
|---|---|---|
| | **2017**<br>**RM'000** | **2016**<br>**RM'000** |
| Unquoted investments, at cost: | | |
| Ordinary shares | 3,845 | 3,845 |
| Redeemable Preference Shares ("RPS") | 9,945 | 9,945 |
| Share of post acquisition reserves | (2,221) | (491) |
| Exchange differences | 154 | 80 |
| | 11,723 | 13,379 |
| Share application monies in respect of RPS issuance | 3,159 | 3,000 |
| | 14,882 | 16,379 |

Jernih Wiramas Sdn Bhd ("JWSB"), a wholly-owned subsidiary company of the Company holds a total of 9,945 (2016 : 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 (2016 : RM9,945,000).

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

(a) The RPS shall be issued in registered form in denominations or multiples of RM1,000.00 each;

(b) No dividend shall be payable on the RPS; and

(c) The RPS is redeemable at 100% of its issue price at the discretion of TREC at any time but always subject to the requirements of Section 112 of the Companies Act 2016.

## 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 2017 % | 2016 % | Principal Activities |
|---|---|---|---|---|
| Berjaya - GSC Sdn Bhd ("BGSB") | RM5,000,000 | 50 | 50 | Cinema operations |
| Cardiff City (House of Sport) Limited | GBP500,000 (approximately RM2,795,000) | 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<br>As of 30 June 2017 | TREC<br>RM'000 | BGSB<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| 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 |
| 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) |
| **As of 30 June 2016** | | | |
| Non-current assets | 48,263 | 6,596 | 54,859 |
| Current assets | 11,739 | 4,049 | 15,788 |
| Non-current liabilities | (20,489) | (306) | (20,795) |
| Current liabilities | (8,614) | (2,451) | (11,065) |
| Net assets | 30,899 | 7,888 | 38,787 |

## 11 JOINT VENTURES (CONTD.)

| Group<br>As of 30 June 2016 | TREC<br>RM'000 | BGSB<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| The above amounts of assets and liabilities include the following: | | | |
| Cash and cash equivalents | 5,721 | 3,337 | 9,058 |
| Current financial liabilities (excluding trade and other payables and provision) | - | (188) | (188) |
| Non-current financial liabilities (excluding trade and other payables and provision) | (20,489) | - | (20,489) |
| **Year ended 30 June 2017** | | | |
| 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 received from the joint venture during the year | - | - | - |

| Group<br>Year ended 30 June 2016 | TREC<br>RM'000 | BGSB<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| Revenue | 3,690 | 9,069 | 12,759 |
| (Loss)/Profit for the year, representing total comprehensive income for the year | (5,172) | 418 | (4,754) |
| The above (loss)/profit for the year includes the following: | | | |
| Depreciation and amortisation | 98 | 1,305 | 1,403 |
| Finance costs | 451 | - | 451 |
| Interest income | 45 | 97 | 142 |
| Dividends received from the joint venture during the year | - | - | - |

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

| Group<br>2017 | TREC<br>RM'000 | BGSB<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| 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 | 18,374 | 6,287 | 24,661 |
| Share application monies in respect of RPS issuance | 10,074 | - | 10,074 |
| | 28,448 | 6,287 | 34,735 |

## 11 JOINT VENTURES (CONTD.)

| Group 2017 | TREC RM'000 | BGSB RM'000 | Total RM'000 |
|---|---|---|---|
| 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 | 8,830 | 3,144 | 11,974 |
| **2016** | | | |
| Net assets at 1 July 2015 | 17,026 | 7,470 | 24,496 |
| Issuance of RPS during the year | 9,500 | - | 9,500 |
| (Loss)/Profit for the year, representing total comprehensive income for the year | (5,172) | 418 | (4,754) |
| Net assets at 30 June 2016 | 21,354 | 7,888 | 29,242 |
| Share application monies in respect of RPS issuance | 9,545 | - | 9,545 |
| | 30,899 | 7,888 | 38,787 |
| Group's equity interest (%) | 30 | 50 | |
| Interests in joint ventures | 6,406 | 3,944 | 10,350 |
| Share application monies in respect of RPS issuance | 3,000 | - | 3,000 |
| Goodwill | 159 | - | 159 |
| Carrying value of Group's interest in the joint ventures | 9,565 | 3,944 | 13,509 |

Aggregate information of a joint venture that is not individually material

| Group | 2017 RM'000 | 2016 RM'000 |
|---|---|---|
| The Group's share of (loss)/profit for the year, representing total comprehensive income for the year | (36) | 552 |
| Aggregate carrying amount of the Group's interest in the joint venture | 2,908 | 2,870 |

## 12 OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Quoted shares in Malaysia at fair value | 172,997 | 152,157 | 521 | 530 |
| Quoted loan stocks in Malaysia at fair value | 8,756 | 10,451 | - | - |
| Quoted warrants in Malaysia at fair value | 1,149 | 1,436 | 21 | 26 |
| Unquoted loan stocks outside Malaysia at cost | 3,731 | 3,731 | - | - |
| Malaysian Government Securities at cost | 1,008 | 1,010 | - | - |
| Total investments | 187,641 | 168,785 | 542 | 556 |

## 12 OTHER INVESTMENTS (CONTD.)

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Market value of: | | | | |
| Malaysian Government Securities | 1,024 | 1,036 | - | - |

As of 30 June 2017, 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 RM58,284,000 (2016 : RM60,929,000), RM6,794,000 (2016 : RMNil), RM68,153,000 (2016 : RM96,964,000), RM834,000 (2016 : RM985,000), RM3,780,000 (2016 : RM3,031,000) and RM44,010,000 (2016 : RMNil) respectively.

Certain quoted investments of the Group with fair value of RM129,585,000 (2016 : RM149,636,000) have been pledged to financial institutions for credit facilities granted to certain of its subsidiary companies.

As of 30 June 2017, 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:

a) 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;

b) 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

c) 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:

a) 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;

## 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 RM24,742,000 and RM13,000 (2016 : RM13,590,000 and RMNil) 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 45 and 46 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 2015 | 199,955 | 28,243 | - | 228,198 |
| Addition during the year | - | - | 823 | 823 |
| As of 30 June 2016 | 199,955 | 28,243 | 823 | 229,021 |
| Addition during the year | 1,301 | - | - | 1,301 |
| As of 30 June 2017 | 201,256 | 28,243 | 823 | 230,322 |
| **Accumulated amortisation and impairment** | | | | |
| As of 1 July 2015 | 59,319 | 12,877 | - | 72,196 |
| Impairment (Note 34) | 59,029 | - | - | 59,029 |
| Amortisation (Note 36) | - | 1,101 | 55 | 1,156 |
| As of 30 June 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 | 157,213 | 15,079 | 219 | 172,511 |
| **Net carrying amount** | | | | |
| As of 30 June 2017 | 44,043 | 13,164 | 604 | 57,811 |
| As of 30 June 2016 | 81,607 | 14,265 | 768 | 96,640 |

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.

**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 RM44,016,000 (2016 : RM81,580,000) and RM27,000 (2016 : RM27,000) have been allocated to the Group's CGUs identified to the gaming and related activities business segment and the property investment business segment respectively.

During the financial year, the Group recognised an impairment in respect of goodwill allocated to the Group's CGU identified to the gaming and related activities business segment amounting to RM38,865,000 (2016 : RM59,029,000) 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 RM51,071,000 (2016 : RM99,243,000) 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 2.56% (2016 : 4.3%) 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 13.00% (2016 : 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 annual revenue growth rate of the forecast year ending 30 June 2018 decrease by 1%, the carrying amount of the goodwill of the gaming and related activities business segment is expected to be further impaired by RM5,832,000.

## 14 INVENTORIES

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| At cost : | | |
| Finished goods and consumables | 714 | 622 |
| Ticket inventories | 314 | 315 |
| Gaming equipment | 422 | 449 |
| Work-in-progress | 226 | - |
| Spare parts and supplies | 366 | - |
| | 2,042 | 1,386 |
| At net realisable value : | | |
| Properties held for sale | 194,906 | 194,906 |
| | 196,948 | 196,292 |

The cost of inventories recognised as an expense during the year in the Group amounted to RM18,147,000 (2016 : RM16,287,000).

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

## 15 RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **CURRENT** | | | | |
| **Trade receivables** | | | | |
| **Third parties (Note a)** | 28,376 | 20,772 | - | - |
| Less: Allowance for impairment | (14,762) | (12,325) | - | - |
| Trade receivables, net | 13,614 | 8,447 | - | - |
| **Other receivables (Note b)** | | | | |
| Sundry receivables | 8,318 | 10,246 | 5 | 3 |
| Deposits | 3,484 | 2,986 | 1 | 1 |
| Amounts due from: | | | | |
| - affiliated companies | 2,881 | 2,478 | - | - |
| - a joint venture | 1,756 | 1,525 | - | - |
| - subsidiary companies | - | - | 218,820 | 363,396 |
| GST recoverable | 43 | 55 | 41 | 54 |
| | 16,482 | 17,290 | 218,867 | 363,454 |
| **Other current assets** | | | | |
| Deposits for acquisition of assets | 560 | 560 | - | - |
| Deposit for acquisition of investments | 5,400 | 7,186 | - | - |
| Prepayments | 4,972 | 4,334 | 136 | 65 |
| | 10,932 | 12,080 | 136 | 65 |
| Total current receivables | 41,028 | 37,817 | 219,003 | 363,519 |

## 15 RECEIVABLES (CONTD.)

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **NON-CURRENT** | | | | |
| **Other receivables (Note b)** | | | | |
| Amounts due from subsidiary companies | - | - | 128,217 | 74,311 |
| Total non-current receivables | - | - | 128,217 | 74,311 |
| Total receivables | 41,028 | 37,817 | 347,220 | 437,830 |

(a) Trade receivables

The Group's trade receivables are non-interest bearing with credit terms ranging from 1 to 30 (2016 : 7 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 | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Neither past due nor impaired | 1,326 | 1,195 |
| 1 to 30 days past due not impaired | 6,821 | 5,757 |
| 31 to 60 days past due not impaired | 1,891 | 529 |
| 61 to 90 days past due not impaired | 778 | 123 |
| 91 to 120 days past due not impaired | 676 | 38 |
| More than 120 days past due not impaired | 2,122 | 805 |
| | 12,288 | 7,252 |
| Impaired | 14,762 | 12,325 |
| | 28,376 | 20,772 |

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 RM12,288,000 (2016 : RM7,252,000) 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.

## 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 | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Trade receivables - nominal amounts | 14,762 | 12,325 |
| Less: Allowance for impairment | (14,762) | (12,325) |
| | - | - |
| Movement in allowance account: | | |
| As of 1 July 2016/2015 | 12,325 | 9,618 |
| Arising from acquisition of a subsidiary company | 514 | - |
| Charge for the year (Note 36) | 4,330 | 3,987 |
| Reversal of impairment (Note 36) | (534) | (1,266) |
| Written off | (1,873) | (14) |
| As of 30 June 2017/2016 | 14,762 | 12,325 |

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.

## 16 CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Deposits with licensed banks | 58,436 | 40,564 | 10,119 | 5,179 |
| Cash on hand and at banks | 30,776 | 36,791 | 35 | 33 |
| | 89,212 | 77,355 | 10,154 | 5,212 |

## 16 CASH AND BANK BALANCES (CONTD.)

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

(a) deposits pledged to bank for bank guarantee facilities granted to certain subsidiary companies of the Group amounting to RM216,000 (2016 : RM16,000); and

(b) monies held in debt service reserve accounts amounting to RM47,388,000 (2016 : RM26,948,000) for the Group and RMNil (2016 : RM1,523,000) for the Company

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 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | % | % | Days | Days |
| Licensed banks | 0.62 - 3.35 | 1.72 - 3.16 | 1 - 365 | 1 - 63 |

## 17 SHARE CAPITAL

| | Group and Company Ordinary shares | | | |
|---|---|---|---|---|
| | No. of shares | | Amount | |
| | 2017 | 2016 | 2017 | 2016 |
| | '000 | '000 | RM'000 | RM'000 |
| **Authorised:** | | | | |
| As of 1 July 2016/2015 and as of 30 June 2017/2016 | - | 5,000,000 | - | 5,000,000 |
| **Issued and fully paid:** | | | | |
| As of 1 July 2016/2015 | 1,113,042 | 1,113,042 | 1,113,042 | 1,113,042 |
| Issuance of ordinary shares pursuant to exercise of Warrants 2008/2018 | 75,250 | - | 75,250 | - |
| Transfer of share premium in accordance with Companies Act 2016 | - | - | 258,985 | - |
| As of 30 June 2017/2016 | 1,188,292 | 1,113,042 | 1,447,277 | 1,113,042 |

Companies Act 2016

The Company's authorised and issued and fully paid-up share capital in 2016 comprises ordinary shares with a par value of RM1.00 each. The new Companies Act 2016 ("Act"), which came into effect on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provisions of the Act, the amount standing to the credit of the Company's share premium account has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of the shareholders.

## 17 SHARE CAPITAL (CONTD.)

Companies Act 2016 (contd.)

However, the Company has a period of 24 months from the effective date of the Act to use the existing balance in the share premium account in the manner as specified by the Act.

Ordinary shares

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.

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

Warrants 2008/2018

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

During the financial year, 75,250,000 of Warrants 2008/2018 has been exercised to subscribe for 75,250,000 new ordinary shares at the exercise price of RM1.00 per share.

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 1 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 17 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.

As of the reporting date, the number of outstanding Warrants 2008/2018 was 340,732,348 (2016 : 415,982,348).

## 18 SHARE PREMIUM

| | Group and Company | |
|---|---|---|
| | 2017<br>RM'000 | 2016<br>RM'000 |
| As of 1 July 2016/2015 | 258,985 | 258,985 |
| Transferred to share capital in accordance with Companies Act 2016 | (258,985) | - |
| As of 30 June 2017/2016 | - | 258,985 |

## 19 AVAILABLE-FOR-SALE RESERVE

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| As of 1 July 2016/2015 | 30,481 | 25,416 | 173 | 1,146 |
| Changes in fair values of available-for-sale financial assets during the year | (13,331) | 7,044 | (16) | (183) |
| Transfer to statement of profit or loss upon disposal | (1,201) | (790) | - | (790) |
| Acquisition of remaining equity interest in a subsidiary company | - | (1,189) | - | - |
| As of 30 June 2017/2016 | 15,949 | 30,481 | 157 | 173 |

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 | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| As of 1 July 2016/2015 | 7,558 | 7,178 |
| Current year movement | 2,510 | 380 |
| As of 30 June 2017/2016 | 10,068 | 7,558 |

## 21 RETAINED EARNINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| As of 1 July 2016/2015 | 780,798 | 708,901 | 99,974 | 99,302 |
| Total comprehensive income for the year | (11,437) | (54,122) | (56,570) | 11,802 |
| Dividends (Note 39) | - | (11,130) | - | (11,130) |
| Acquisition of remaining equity interest in a subsidiary company | - | 137,149 | - | - |
| As of 30 June 2017/2016 | 769,361 | 780,798 | 43,404 | 99,974 |

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

## 22 BANK BORROWINGS

| | Group 2017 RM'000 | Group 2016 RM'000 | Company 2017 RM'000 | Company 2016 RM'000 |
|---|---|---|---|---|
| **Short term borrowings** | | | | |
| Secured: | | | | |
| Term loans | 47,778 | 92,726 | - | - |
| Revolving credit facility | 5,000 | 4,924 | - | - |
| Margin account | 11,257 | 11,543 | - | - |
| Bank overdraft | - | 9,800 | - | - |
| | 64,035 | 118,993 | - | - |
| **Long term borrowings** | | | | |
| Secured: | | | | |
| Term loans | 612,924 | 572,125 | - | 247,700 |
| **Total borrowings** | | | | |
| Secured: | | | | |
| Term loans | 660,702 | 664,851 | - | 247,700 |
| Revolving credit facility | 5,000 | 4,924 | - | - |
| Margin account | 11,257 | 11,543 | - | - |
| Bank overdraft | - | 9,800 | - | - |
| | 676,959 | 691,118 | - | 247,700 |

| | Group 2017 RM'000 | Group 2016 RM'000 | Company 2017 RM'000 | Company 2016 RM'000 |
|---|---|---|---|---|
| **Maturity of borrowings** | | | | |
| Not later than 1 year | 64,035 | 118,993 | - | - |
| Later than 1 year and not later than 2 years | 107,615 | 67,709 | - | 12,500 |
| Later than 2 years and not later than 5 years | 429,687 | 317,364 | - | 100,000 |
| More than 5 years | 75,622 | 187,052 | - | 135,200 |
| | 676,959 | 691,118 | - | 247,700 |

The interest rates per annum for borrowings are as follows:

| | Group 2017 % | Group 2016 % | Company 2017 % | Company 2016 % |
|---|---|---|---|---|
| Term loans | 5.14 to 8.15 | 3.56 to 7.35 | - | 6.85 to 7.35 |
| Revolving credit facility | 6.00 | 5.72 | - | - |
| Margin account | 7.67 | 7.60 | - | - |
| Bank overdraft | - | 8.85 | - | - |

## 22 BANK BORROWINGS (CONTD.)

The borrowings are secured by the following:

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

## 23 SENIOR BONDS

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

| | | | Group | | | |
|---|---|---|---|---|---|---|
| | | Interest | Nominal value | | At amortised cost | |
| | | rate | 2017 | 2016 | 2017 | 2016 |
| **Series** | **Maturity** | **p.a (%)** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| 1 | 31 May 2019 | 5.75 - 6.00 | 40,000 | - | 39,838 | - |
| 1 | 1 June 2017 | 5.75 | - | 40,000 | - | 39,896 |
| 2 | 1 June 2018 | 5.85 | 40,000 | 40,000 | 39,911 | 39,817 |
| 3 | 31 May 2019 | 6.00 | 80,000 | 80,000 | 79,676 | 79,521 |
| | | | 160,000 | 160,000 | 159,425 | 159,234 |

| | 2017 RM'000 | 2016 RM'000 |
|---|---|---|
| **Maturity of Senior Bonds** | | |
| Not later than 1 year | 39,911 | 39,896 |
| Later than 1 year and not later than 2 years | 119,514 | 39,817 |
| Later than 2 years and not later than 5 years | - | 79,521 |
| | 159,425 | 159,234 |

The Senior Bonds are secured by:

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

## 24 HIRE PURCHASE LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| **Minimum lease payments:** | | | | |
| Not later than 1 year | 628 | 382 | 27 | 28 |
| Later than 1 year and not later than 2 years | 628 | 381 | 27 | 27 |
| Later than 2 years and not later than 5 years | 840 | 956 | 14 | 41 |
| | 2,096 | 1,719 | 68 | 96 |
| Less: Future finance charges | (385) | (357) | (10) | (14) |
| Present value of hire purchase liabilities | 1,711 | 1,362 | 58 | 82 |
| **Present value of hire purchase liabilities:** | | | | |
| Not later than 1 year | 496 | 303 | 23 | 24 |
| Later than 1 year and not later than 2 years | 517 | 302 | 23 | 23 |
| Later than 2 years and not later than 5 years | 698 | 757 | 12 | 35 |
| | 1,711 | 1,362 | 58 | 82 |
| **Analysed as:** | | | | |
| Due within 12 months | 496 | 303 | 23 | 24 |
| Due after 12 months | 1,215 | 1,059 | 35 | 58 |
| | 1,711 | 1,362 | 58 | 82 |

The hire purchase liabilities bear interest from 3.50% to 5.35% (2016: 3.50% to 5.35%) per annum.

## 25 LONG TERM LIABILITIES

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Other long term liabilities (Note a) | 181,918 | 59,033 |
| Less: Current portion included in payables (Note 27) | (15,550) | (8,800) |
| | 166,368 | 50,233 |
| Deposits received (Note b) | - | 105,000 |
| Rental deposits | 17,383 | 16,810 |
| Other deferred income (Note c) | 3,309 | 3,353 |
| | 187,060 | 175,396 |

(a) Other long term liabilities relates to:
  (i) the portion of purchase consideration for the acquisition of several parcels of properties which will be recognised as rental income from a tenant over a period of 10 years; and
  (ii) the sale and buyback transaction 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.

(b) In prior year, deposits received amounting to RM105,000,000 represented deposits received from DBKL, in accordance with the terms and conditions of the Sale and Purchase Agreements ("SPAs") entered into as disclosed in Note 6. The said transaction had been completed during the financial year and the amount had been reclassified to other long term liabilities.

**25 LONG TERM LIABILITIES (CONTD.)**

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

**26 DEFERRED TAX (ASSETS)/LIABILITIES**

| | Group | | Company | |
|---|---|---|---|---|
| | **2017 RM'000** | **2016 RM'000** | **2017 RM'000** | **2016 RM'000** |
| As of 1 July 2016/2015 | 75,855 | 67,775 | 27 | 36 |
| Arising from acquisition of a subsidiary company | 7,021 | - | - | - |
| Recognised in the statement of profit or loss (Note 37) | 13,081 | 8,080 | (7) | (9) |
| As of 30 June 2017/2016 | 95,957 | 75,855 | 20 | 27 |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | (15,169) | (16,878) | - | - |
| Deferred tax liabilities | 111,126 | 92,733 | 20 | 27 |
| | 95,957 | 75,855 | 20 | 27 |

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

**Deferred Tax Liabilities of the Group**

| | **Property, plant and equipment and investment properties RM'000** | **Accelerated capital allowances RM'000** | **Total RM'000** |
|---|---|---|---|
| As of 1 July 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 |
| | 64,225 | 75,505 | 139,730 |
| Less: Set-off of deferred tax assets | | | (28,604) |
| As of 30 June 2017 | | | 111,126 |
| As of 1 July 2015 | 56,659 | 78,525 | 135,184 |
| Recognised in the statement of profit or loss | (893) | (3,003) | (3,896) |
| | 55,766 | 75,522 | 131,288 |
| Less: Set-off of deferred tax assets | | | (38,555) |
| As of 30 June 2016 | | | 92,733 |

## 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 2016 | (41,376) | (14,057) | (55,433) |
| Recognised in the statement of profit or loss | 9,794 | 1,866 | 11,660 |
| | (31,582) | (12,191) | (43,773) |
| Less: Set-off of deferred tax liabilities | | | 28,604 |
| As of 30 June 2017 | | | (15,169) |
| As of 1 July 2015 | (50,519) | (16,890) | (67,409) |
| Recognised in the statement of profit or loss | 9,143 | 2,833 | 11,976 |
| | (41,376) | (14,057) | (55,433) |
| Less: Set-off of deferred tax liabilities | | | 38,555 |
| As of 30 June 2016 | | | (16,878) |

**Deferred Tax Liabilities of the Company**

| | Property, plant and equipment RM'000 |
|---|---|
| As of 1 July 2016 | 27 |
| Recognised in the statement of profit or loss | (7) |
| As of 30 June 2017 | 20 |
| As of 1 July 2015 | 36 |
| Recognised in the statement of profit or loss | (9) |
| As of 30 June 2016 | 27 |

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

| | Group 2017 RM'000 | Group 2016 RM'000 |
|---|---|---|
| Unused tax losses | 67,264 | 32,372 |
| Unabsorbed capital allowances | 41,688 | 34,264 |
| Other deductible temporary differences | 144,576 | 134,944 |
| | 253,528 | 201,580 |

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.

## 27 PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Trade payables | 9,594 | 16,836 | - | - |
| Refundable deposits | 22,957 | 21,213 | - | - |
| Other payables and accruals | 77,142 | 79,462 | 368 | 2,400 |
| Amounts due to affiliated companies | 698 | 839 | - | 429 |
| Amounts due to subsidiary companies | - | - | 153,056 | 53,972 |
| | 110,391 | 118,350 | 153,424 | 56,801 |
| Advance rental received | 130 | 80 | - | - |
| Current portion of other long term liabilities (Note 25) | 15,550 | 8,800 | - | - |
| | 126,071 | 127,230 | 153,424 | 56,801 |

The normal trade credit term granted to the Group and the Company ranges from 1 to 90 days (2016 : 1 to 90 days).

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

(a) balance purchase consideration for the acquisition of several parcels of land amounting to RM40,750,000 (2016 : RM40,747,000). This balance payment bears interest at 9.0% (2016 : 6.0% to 9.0%) per annum; and

(b) an amount of RM397,000 (2016 : RMNil) owing to vendors representing the balance of the consideration payable to them arising from the acquisition of 100% equity interest in Oriental Assemblers Sdn Bhd, as disclosed in Note 49(b).

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 2016 | 644 | - | - | - | 644 |
| Arising from acquisition of a subsidiary company | - | 28 | 109 | 23 | 160 |
| As of 30 June 2017 | 644 | 28 | 109 | 23 | 804 |
| As of 1 July 2015/ As of 30 June 2016 | 644 | - | - | - | 644 |

## 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:

| | 2017 RM'000 | 2016 RM'000 |
|---|---|---|
| **Group** | | |
| Gaming ticket sales net of gaming tax | 150,077 | 190,239 |
| Rental income from investment properties | 139,509 | 137,044 |
| Sale of theme park tickets | 12,075 | 11,085 |
| Revenue from jetty operations | 26,320 | 26,190 |
| Revenue from hotel operations | 23,505 | 20,377 |
| Revenue from food and beverage business | 4,779 | 2,157 |
| Revenue from assembly charges | 93 | - |
| | 356,358 | 387,092 |
| **Company** | | |
| Gross dividends from subsidiary companies | - | 106,930 |
| Gross dividends from an affiliated company | 14 | 15 |
| Management fees from subsidiary companies | 725 | 725 |
| | 739 | 107,670 |

## 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 | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Dividend income from: | | | | |
| - available-for-sale investments quoted in Malaysia | 1,571 | 1,690 | - | - |
| Interest income: | | | | |
| - fixed and other deposits | 1,064 | 1,794 | 104 | 72 |
| - subsidiary companies | - | - | 8,058 | 8,722 |
| - others | 1,168 | 1,271 | - | 5 |
| Gain on disposal of property, plant and equipment | 112 | - | - | - |
| Gain on disposal of quoted investments | 1,201 | 790 | - | 790 |
| Gain on disposal of investment properties | - | 4,814 | - | - |
| Reversal of impairment on land held for property development | - | 463 | - | - |
| Finance income - other liabilities at amortised costs | 19,204 | - | - | - |
| Gain on foreign exchange | 1,803 | 192 | - | - |
| Miscellaneous | 3,973 | 3,038 | 93 | 93 |
| | 30,096 | 14,052 | 8,255 | 9,682 |

## 32 STAFF COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Wages and salaries | 25,313 | 21,832 | 547 | 799 |
| Bonus | 925 | 1,718 | 37 | 39 |
| EPF contributions | 2,944 | 2,694 | 62 | 86 |
| Social security organisation contributions | 670 | 576 | 5 | 3 |
| Short term accumulating compensated absences | 8 | 11 | - | - |
| Other staff related expenses | 1,080 | 1,266 | 43 | 35 |
| | 30,940 | 28,097 | 694 | 962 |

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

## 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 | |
|---|---|---|---|---|
| | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| **Directors of the Company** | | | | |
| Executive: | | | | |
| Fees | 34 | 10 | - | - |
| Salary and other emoluments | 1,100 | 687 | 135 | 135 |
| Benefits-in-kind | 9 | - | - | - |
| | 1,143 | 697 | 135 | 135 |
| Non-Executive: | | | | |
| Fees | 140 | 142 | 130 | 132 |
| Other emoluments | 17 | 16 | 17 | 16 |
| | 157 | 158 | 147 | 148 |
| **Directors of the subsidiary companies** | | | | |
| Fees | 91 | 130 | - | - |
| Salary and other emoluments | 1,064 | 1,977 | - | - |
| Benefits-in-kind | 25 | - | - | - |
| | 1,180 | 2,107 | - | - |
| Total | 2,480 | 2,962 | 282 | 283 |

## 34 OTHER EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Impairment of available-for-sale quoted investments | 24,742 | 13,590 | 13 | - |
| Impairment of investment in subsidiary companies | - | - | 48,092 | 90,218 |
| Impairment of goodwill | 38,865 | 59,029 | - | - |
| Loss on foreign exchange | 2,029 | 7,561 | - | - |
| Miscellaneous | 1,578 | 22 | - | 22 |
| | 67,214 | 80,202 | 48,105 | 90,240 |

## 35 FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Interest expense: | | | | |
| - borrowings | 51,445 | 47,235 | 6,885 | 9,384 |
| - hire purchase liabilities | 110 | 29 | 4 | 4 |
| - subsidiary companies | - | - | 4,278 | 406 |
| - loan related expenses | 7,252 | 1,854 | 2,300 | 299 |
| - other finance costs | 3,595 | 3,596 | - | - |
| - unwinding of discount | 6,196 | 892 | - | - |
| | 68,598 | 53,606 | 13,467 | 10,093 |

## 36 PROFIT/(LOSS) BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Profit/(loss) before tax is stated after charging/(crediting): | | | | |
| Direct operating expenses of investment properties: | | | | |
| - revenue generating during the year | 7,393 | 7,607 | - | - |
| - non-revenue generating during the year | 2,919 | 2,856 | - | - |
| Gaming royalty | 828 | 1,051 | - | - |
| Depreciation of property, plant and equipment (Note 5) | 12,697 | 12,310 | 35 | 38 |
| Directors' remuneration (Note 33): | | | | |
| - fees | 265 | 282 | 130 | 132 |
| - salary and other emoluments | 2,181 | 2,680 | 152 | 151 |
| Auditors' remuneration: | | | | |
| - statutory audit | 353 | 316 | 50 | 35 |
| - underprovision in prior years | 31 | 29 | 15 | - |
| - other services | 67 | 75 | 21 | 25 |
| Loss on foreign exchange | 226 | 7,369 | - | - |
| Amortisation of of prepaid lease payments (Note 8) | 9 | - | - | - |
| Amortisation of other intangible assets (Note 13) | 1,265 | 1,156 | - | - |
| Reversal of impairment of receivables | (534) | (1,266) | - | - |
| Impairment of receivables | 4,330 | 3,987 | - | - |
| Operating leases: | | | | |
| - lease payments for buildings | 238 | 214 | - | - |
| - lease payments for land | 1,442 | 895 | - | - |
| Staff costs (Note 32) | 30,940 | 28,097 | 694 | 962 |
| Property, plant and equipment written off | 2,317 | 3 | - | - |

## 37 INCOME TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Current income tax: | | | | |
| Malaysian income tax | 6,678 | 10,231 | 1,410 | 1,959 |
| Withholding tax | 365 | 562 | 86 | - |
| Effect of real property gains tax | 1 | 113 | - | - |
| (Over)/Underprovision in prior years | (17) | 149 | - | 3 |
| | 7,027 | 11,055 | 1,496 | 1,962 |
| Deferred tax (Note 26): | | | | |
| Relating to origination and reversal of temporary differences | 13,765 | 7,739 | (7) | (9) |
| (Over)/Underprovision in prior years | (684) | 341 | - | - |
| | 13,081 | 8,080 | (7) | (9) |
| Total income tax expense | 20,108 | 19,135 | 1,489 | 1,953 |

A reconciliation of income tax expense/(credit) applicable to profit/(loss) 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 | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Profit/(Loss) before tax | 7,891 | (27,599) | (55,081) | 13,755 |
| Taxation at Malaysian statutory tax rate of 24% (2016 : 24%) | 1,894 | (6,624) | (13,219) | 3,301 |
| Effect of different tax rates in other countries | 133 | 178 | - | - |
| Effect of expenses not deductible for tax purposes | 30,117 | 25,879 | 14,635 | 24,525 |
| Effect of income not subject to tax | (13,705) | (2,357) | (13) | (25,876) |
| Effect of income subject to real property gains tax | 1 | 113 | - | - |
| Effect of utilisation of previously unrecognised unutilised investment allowances and unabsorbed capital allowances | - | (1,117) | - | - |
| Deferred tax assets not recognised during the year | 357 | 1,951 | - | - |
| Deferred tax liabilities recognised for fair value changes of investment properties | 1,647 | 60 | - | - |
| (Over)/Underprovision of deferred tax in prior years | (684) | 341 | - | - |
| (Over)/Underprovision of income tax in prior years | (17) | 149 | - | 3 |
| Withholding tax | 365 | 562 | 86 | - |
| Income tax expense for the year | 20,108 | 19,135 | 1,489 | 1,953 |

## 37 INCOME TAX EXPENSE (CONTD.)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016 : 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**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 provided previously and the taxes in dispute amounted to RM180.73 million, inclusive of further tax penalties amounted to RM72.82 million, is now disclosed as contingent liabilities.

As of the date of issue of these financial statements, the litigations are still on-going.

## 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.

| | Group | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Loss attributable to owners of the Parent | (11,437) | (54,122) |
| | '000 | '000 |
| Weighted average number of ordinary shares in issue | 1,121,297 | 1,113,042 |
| | Sen | Sen |
| Basic loss per share | (1.02) | (4.86) |

Fully diluted loss per share is not presented as the Warrants 2008/2018 have an anti-dilutive effect on the loss per share.

## 39 DIVIDENDS

| | Group and Company | | | |
|---|---|---|---|---|
| | 2017 Dividend per share Sen | 2017 Dividend RM'000 | 2016 Dividend per share Sen | 2016 Dividend RM'000 |
| **Declared in respect of:** | | | | |
| Financial year ended 30 June 2015 and accounted in the 2016 shareholders' equity | | | | |
| - Final dividend of 1 sen single tier | - | - | 1.00 | 11,130 |

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

## 40 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.

## 41 CONTINGENT LIABILITIES

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 12 October 2017.

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. Upon the granting of stay of proceedings, the management has decided to reverse out the provisions provided previously and the taxes in dispute amounted to RM180.73 million, inclusive of further tax penalties amounted to RM72.82 million, is now disclosed as contingent liabilities. The next High Court hearing for a mention has been fixed on 26 October 2017.

## 41 CONTINGENT LIABILITIES (CONTD.)

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. The next Court of Appeal hearing date for a mention has been fixed on 20 October 2017.

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.

## 42 COMMITMENTS

### (a) Other Commitments

| | Group | |
|---|---|---|
| | **2017 RM'000** | **2016 RM'000** |
| Capital expenditure approved and contracted for | 27,431 | 27,431 |
| Proposed acquisition of 100% equity interest in Oriental Assemblers Sdn Bhd | - | 29,250 |
| Proposed acquisition of remaining 50% equity interest in Megaquest Sdn Bhd | 102,600 | 108,000 |
| | 130,031 | 164,681 |

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

| | Group | |
|---|---|---|
| | **2017 RM'000** | **2016 RM'000** |
| Future minimum rental payments: | | |
| Not later than 1 year | 1,491 | 1,491 |
| Later than 1 year and not later than 5 years | 7,021 | 6,551 |
| Later than 5 years | 47,379 | 49,340 |
| | 55,891 | 57,382 |

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 (2016 : 3 and 30 years) and rentals fixed for 5 years.

## 42 COMMITMENTS (CONTD.)

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

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **RM'000** | **RM'000** |
| Future minimum rental receivable: | | |
| Not later than 1 year | 62,799 | 67,043 |
| Later than 1 year and not later than 5 years | 83,548 | 97,496 |
| More than 5 years | 216,554 | 218,608 |
| | 362,901 | 383,147 |

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 (2016 : 6 months and 30 years). The future minimum rental receivable of certain subsidiary companies are pledged to financial institutions for credit facilities as referred to in Note 22.

## 43 SIGNIFICANT RELATED PARTY TRANSACTIONS

| | Note | Group 2017 RM'000 | Group 2016 RM'000 | Company 2017 RM'000 | Company 2016 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 | - | - | - |
| Purchase of a freehold commercial unit from Berjaya Credit Sdn Bhd | b | - | 13,369 | - | - |
| Rental income and other related income charged to: | | | | | |
| - Berjaya Registration Services Sdn Bhd | a | (462) | (462) | - | - |
| - Budi Impian Sdn Bhd | a | (242) | (242) | - | - |
| - Berjaya Higher Education Sdn Bhd | a | (1,279) | (1,306) | - | - |
| - Berjaya Krispy Kreme Doughnuts Sdn Bhd | a | (92) | (92) | - | - |
| - Berjaya Papa John's Pizza Sdn Bhd | a | (283) | (449) | - | - |
| - KUB-Berjaya Enviro Sdn Bhd | a | (251) | (235) | - | - |
| - Cosway (M) Sdn Bhd | a | (447) | (447) | - | - |
| - Berjaya Land Berhad | a | (379) | (379) | - | - |
| - Berjaya Books Sdn Bhd | a | - | (68) | - | - |
| - Berjaya Burger Sdn Bhd (formerly known as Wen Berjaya Sdn Bhd) | a | (266) | (211) | - | - |
| - Berjaya Hills Resort Berhad (formerly known as Berjaya Hills Berhad) | a | (104) | (104) | - | - |
| - Berjaya College Sdn Bhd | a | (569) | (569) | - | - |
| - 7-Eleven Malaysia Sdn Bhd | c | (563) | (550) | - | - |
| - U Mobile Sdn Bhd ("UMSB") | d | (3,339) | (2,105) | - | - |
| - MOL AccessPortal Sdn Bhd | f | (520) | (448) | - | - |
| - Ascot Sports Sdn Bhd ("Ascot") | g | (661) | (661) | - | - |
| - Berjaya Roasters (M) Sdn Bhd | h | (641) | (619) | - | - |
| - Berjaya-GSC Sdn Bhd | i | (1,608) | (1,608) | - | - |
| - Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") | h | (873) | (631) | - | - |
| - RU Café Sdn Bhd | a | (126) | (54) | - | - |
| - ANSA Hotel KL Sdn Bhd | a | (716) | (581) | - | - |
| - Berjaya RadioShack Sdn Bhd | b | (232) | (278) | - | - |
| - Thai Odyssey Group Sdn Bhd | j | (244) | (244) | - | - |
| - Caring Pharmacy Retail Management Sdn Bhd | k | (359) | (314) | - | - |
| | | (14,256) | (12,657) | - | - |

## 43 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Parking charges charged to: | | | | | |
| - Berjaya Land Berhad | a | (104) | (103) | - | - |
| - Berjaya Hotels & Resorts (M) Sdn Bhd (formerly known as Berjaya Resort Management Services Sdn Bhd) | a | (43) | (38) | - | - |
| - Inter-Pacific Securities Sdn Bhd | a | (166) | (108) | - | - |
| - Prime Credit Leasing Sdn Bhd | a | (7) | (7) | - | - |
| - KUB-Berjaya Enviro Sdn Bhd | a | (43) | (38) | - | - |
| - Sports Toto Malaysia Sdn Bhd | a | (348) | (322) | - | - |
| - UMSB | d | (588) | (473) | - | - |
| - Berjaya Roasters (M) Sdn Bhd | h | (42) | (62) | - | - |
| - BStarbucks | h | (102) | (81) | - | - |
| | | (1,443) | (1,232) | - | - |
| Promotion, advertisement and publishing expenses charged by Sun Media Corporation Sdn Bhd | e | 38 | 117 | - | - |
| Receipt of share registration services and related expenses charged by Berjaya Registration Services Sdn Bhd | a | 40 | 21 | 40 | 21 |
| Procurement of computerised lottery system and related services from International Lottery & Totalizator Systems, Inc | a | 685 | 618 | - | - |

The nature of the related party relationships are as follows:

(a) Subsidiary company of Berjaya Corporation Berhad ("BCorp").
Deemed a related party by virtue of the interests of Tan Sri Dato' Seri Vincent Tan Chee Yioun ("Tan Sri Vincent Tan") who is a major shareholder of both the Company and BCorp. Tan Sri Vincent Tan is the father of Morvin Tan U-Jiang ("MTUJ") and Chryseis Tan Sheik Ling ("CTSL"), Executive Directors of the Company. His other son, Dato' Sri Robin Tan Yeong Ching ("DSRT") is the Chairman/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, MTUJ and CTSL are persons connected with each other.

(b) Subsidiary company of Berjaya Retail Berhad ("BRetail") and deemed a related party by virtue of Tan Sri Vincent Tan's deemed interest in BRetail.

(c) A wholly owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"). SEM is in turn 36.91% owned by BRetail and deemed a related party by virtue of Tan Sri Vincent Tan's deemed interests in BRetail.

(d) Deemed a related party by virtue of Tan Sri Vincent Tan's direct and deemed interests in UMSB. Tan Sri Vincent Tan is also the Chairman of UMSB.

## 43 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.

(f) A wholly-owned subsidiary company of MOL Global, Inc ("M-Global"). Tan Sri Vincent Tan and BCorp are major shareholders of M-Global.

(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 the Executive Chairman and a shareholder of BFood.

(i) A joint venture of the Company.

(j) A company in which TSDT, the brother of Tan Sri Vincent Tan, is a deemed major shareholder.

(k) A subsidiary company of Caring Pharmacy Group Berhad ("Caring"). Tan Sri Vincent Tan is a major shareholder of Caring.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2017 RM'000** | **2016 RM'000** | **2017 RM'000** | **2016 RM'000** |
| Short term employee benefits | 2,542 | 3,009 | 581 | 580 |
| Post-employment benefits: | | | | |
| Defined contribution plan | 239 | 317 | 36 | 53 |
| | 2,781 | 3,326 | 617 | 633 |

## 44 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:**

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| **Revenue** | **External RM'000** | **Inter-segment RM'000** | **Total RM'000** | **External RM'000** | **Inter-segment RM'000** | **Total RM'000** |
| Gaming and related activities | 150,077 | 2,898 | 152,975 | 190,239 | 3,676 | 193,915 |
| Property development and property investment | 165,829 | - | 165,829 | 163,234 | - | 163,234 |
| Recreation and others | 40,452 | - | 40,452 | 33,619 | - | 33,619 |
| Inter-segment eliminations | - | (2,898) | (2,898) | - | (3,676) | (3,676) |
| | 356,358 | - | 356,358 | 387,092 | - | 387,092 |

## 44 SEGMENT INFORMATION (CONTD.)

(a) **Business segments (contd.):**

| **Results** | **2017 RM'000** | **2016 RM'000** |
|---|---|---|
| Gaming and related activities | 6,979 | 20,281 |
| Property development and property investment | 90,815 | 88,294 |
| Recreation and others | (6,754) | (12,966) |
| | 91,040 | 95,609 |
| Unallocated corporate expenses | (8,835) | (3,296) |
| | 82,205 | 92,313 |
| Fair value changes on investment properties | 33,132 | 635 |
| Other income | | |
| - gaming and related activities | 4,074 | 2,812 |
| - property development and property investment | 23,844 | 10,067 |
| - recreation and others | 232 | 198 |
| - unallocated | 1,946 | 975 |
| | 30,096 | 14,052 |
| Other expenses | | |
| - gaming and related activities | (62,803) | (71,716) |
| - property development and property investment | (2,392) | (2,336) |
| - recreation and others | (24) | (251) |
| - unallocated | (1,995) | (5,899) |
| | (67,214) | (80,202) |
| Operating profit | 78,219 | 26,798 |
| Finance costs | (68,598) | (53,606) |
| Share of results of joint ventures | (1,730) | (791) |
| Profit/(Loss) before tax | 7,891 | (27,599) |
| Income tax expense | (20,108) | (19,135) |
| Loss for the year | (12,217) | (46,734) |
| Non-controlling interests | 780 | (7,388) |
| Loss attributable to owners of the Parent | (11,437) | (54,122) |

| | **2017** | | **2016** | |
|---|---|---|---|---|
| **Assets and liabilities** | **Assets RM'000** | **Liabilities RM'000** | **Assets RM'000** | **Liabilities RM'000** |
| Gaming and related activities | 41,348 | 7,268 | 83,869 | 17,688 |
| Property development and property investment | 2,990,916 | 288,480 | 2,924,106 | 278,009 |
| Recreation and others | 282,105 | 17,437 | 251,855 | 16,928 |
| Segment assets/liabilities | 3,314,369 | 313,185 | 3,259,830 | 312,625 |
| Investment in joint ventures | 14,882 | - | 16,379 | - |
| Unallocated corporate assets/liabilities | 190,000 | 954,739 | 183,200 | 946,745 |
| Consolidated assets/liabilities | 3,519,251 | 1,267,924 | 3,459,409 | 1,259,370 |

## 44 SEGMENT INFORMATION (CONTD.)

(a) **Business segments (contd.):**

| Other information | 2017 Capital expenditure RM'000 | 2017 Depreciation/ Amortisation RM'000 | 2017 Other non-cash expenses RM'000 | 2016 Capital expenditure RM'000 | 2016 Depreciation/ Amortisation RM'000 | 2016 Other non-cash expenses RM'000 |
|---|---|---|---|---|---|---|
| Gaming and related activities | 72 | 2,432 | - | 60 | 2,457 | - |
| Property development and property investment | 5,305 | 2,587 | 6,579 | 22,691 | 2,412 | 8,812 |
| Recreation and others | 922 | 8,917 | 47 | 2,154 | 8,559 | 17 |
| Unallocated | 13 | 35 | 247 | - | 38 | 2,530 |
| | 6,312 | 13,971 | 6,873 | 24,905 | 13,466 | 11,359 |

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 | 2017 RM'000 | 2016 RM'000 |
|---|---|---|
| Gaming and related activities | 62,790 | 70,615 |
| Property development and property investment | 804 | 2,004 |
| Unallocated | 13 | - |
| | 63,607 | 72,619 |

(b) **Geographical Locations:**

| | 2017 Revenue RM'000 | 2017 Segment assets RM'000 | 2017 Capital expenditure RM'000 | 2016 Revenue RM'000 | 2016 Segment assets RM'000 | 2016 Capital expenditure RM'000 |
|---|---|---|---|---|---|---|
| Malaysia | 345,161 | 2,943,657 | 5,619 | 374,517 | 2,900,723 | 24,370 |
| Outside Malaysia | 11,197 | 370,712 | 693 | 12,575 | 359,107 | 535 |
| | 356,358 | 3,314,369 | 6,312 | 387,092 | 3,259,830 | 24,905 |

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

## 45 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** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **At 30 June 2017** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| 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 |
| **At 30 June 2016** | | | | |
| Commercial properties | - | 36,300 | 2,138,832 | 2,175,132 |
| Other properties | - | 46,400 | 243,766 | 290,166 |
| | - | 82,700 | 2,382,598 | 2,465,298 |

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% (2016 : 5% and -4%) of the respective properties' fair value. Larger properties of the Group which are owned en-bloc may contain adjustment factors outside this range.

## 45 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.

During the financial year, the independent professional valuer determined the fair value of the investment property of BTS Car Park Sdn Bhd, a wholly-owned subsidiary company of the Group based on comparable transactions. Accordingly, the investment property is now valued using the Comparison Method which uses significant observable inputs instead of Investment Method. The fair value measurement is therefore remained categorised as Level 3.

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.

## 45 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 |
|---|---|---|---|---|
| **2017** | | | | |
| **Group** | | | | |
| **Financial assets** | | | | |
| Other investments | 182,902 | - | - | 182,902 |
| **Company** | | | | |
| **Financial assets** | | | | |
| Other investments | 542 | - | - | 542 |
| **2016** | | | | |
| **Group** | | | | |
| **Financial assets** | | | | |
| Other investments | 164,044 | - | - | 164,044 |
| **Company** | | | | |
| **Financial assets** | | | | |
| Other investments | 556 | - | - | 556 |

### c) The following table reconciles the Group's Level 3 fair value measurements

| | 2017 RM'000 | 2016 RM'000 |
|---|---|---|
| **Non financial assets** | | |
| As of 1 July 2016/2015 | 2,382,598 | 2,392,516 |
| Additions during the year | 1,404 | 16,482 |
| Fair value changes | 27,982 | 635 |
| Disposals during the year | (11) | (2,930) |
| Exchange differences | 8,343 | (24,105) |
| As of 30 June 2017/2016 | 2,420,316 | 2,382,598 |

## 45 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 | 2017 | 2016 |
|---|---|---|---|
| Investment properties | | | |
| Discounted cash flows method | Average gross development value per square foot | RM3,100 | RM3,084 |
| | Average gross development costs per square foot | RM680 | RM668 |
| | Discount rate | 9% | 9% |
| Investment method | Estimated value per month: | | |
| | - rental value per car park bay | - | RM306 |
| | - rental value per square feet | RM244 | RM213 |
| | - expenses per car park bay | - | RM82 |
| | Long term vacancy rate | - | 10% |
| | Capitalisation rate | 4.75% | 4.75%-6.0% |
| Cost method | Estimated replacement cost per square foot | RM220 | RM220 |
| | Estimated accrued depreciation per square foot | RM150 | RM150 |

## 46 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:

| | | Group | | Company | |
|---|---|---|---|---|---|
| **Financial assets** | **Note** | **2017 RM'000** | **2016 RM'000** | **2017 RM'000** | **2016 RM'000** |
| Available-for-sale financial assets | | | | | |
| Other investments | 12 | 186,633 | 167,775 | 542 | 556 |

## 46 FINANCIAL INSTRUMENTS (CONTD.)

### (a) Classification of financial instruments (contd.)

| | | Group | | Company | |
|---|---|---|---|---|---|
| **Financial assets (contd.)** | **Note** | **2017 RM'000** | **2016 RM'000** | **2017 RM'000** | **2016 RM'000** |
| Loans and receivables | | | | | |
| Receivables | 15 | 30,096 | 25,737 | 347,084 | 437,765 |
| Deposits with licensed banks | 16 | 58,436 | 40,564 | 10,119 | 5,179 |
| Cash on hand and at banks | 16 | 30,776 | 36,791 | 35 | 33 |
| | | 119,308 | 103,092 | 357,238 | 442,977 |
| Held-to-maturity investments | | | | | |
| Other investments | 12 | 1,008 | 1,010 | - | - |
| Total financial assets | | 306,949 | 271,877 | 357,780 | 443,533 |
| **Financial liabilities** | | | | | |
| Other financial liabilities | | | | | |
| Bank borrowings | 22 | 676,959 | 691,118 | - | 247,700 |
| Senior Bonds | 23 | 159,425 | 159,234 | - | - |
| Hire purchase liabilities | 24 | 1,711 | 1,362 | 58 | 82 |
| Long term liabilities | 25 | 142,318 | 121,810 | - | - |
| Payables | 27 | 117,141 | 118,350 | 153,424 | 56,801 |
| Total financial liabilities | | 1,097,554 | 1,091,874 | 153,482 | 304,583 |

### (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 45.

(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 Bonds | 23 |
| Hire purchase liabilities | 24 |
| Long term liabilities | 25 |

## 46 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 2017 RM'000 | Fair Value 2017 RM'000 | Carrying Amount 2016 RM'000 | Fair Value 2016 RM'000 |
| **Financial assets** | | | | |
| Investments | | | | |
| - unquoted loan stocks outside Malaysia | 3,731 | * | 3,731 | * |

* The investments are carried at cost less accumulated impairment loss as their fair values cannot be measured reliably due to the absence of an active market and reliable input data.

## 47 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 Bonds, revolving credit facility, margin account, hire purchase liabilities and amounts due to subsidiary companies. Debts at floating rates expose the Group to cash flow interest rate risk. Debts at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate debts.

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 | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Fixed rate instruments | | | | |
| Financial assets | 16,430 | 10,259 | 10,119 | 5,179 |
| Financial liabilities | 172,393 | 172,139 | 58 | 82 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Floating rate instruments | | | | |
| Financial assets | 50,374 | 38,039 | 347,037 | 437,707 |
| Financial liabilities | 665,702 | 679,575 | 153,056 | 301,672 |

## 47 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 profit/loss before tax of the Group to lower/higher by RM1,538,000 (2016 : RM1,604,000) and the loss/profit before tax of the Company to be lower/higher by RM485,000 (2016 : RM340,000) 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 | |
|---|---|---|
| | 2017 RM'000 | 2016 RM'000 |
| Cash and bank balances | | |
| - United States Dollar | 10 | 10 |
| Other payables | | |
| - United States Dollar | 225 | 3,552 |
| - Euro | - | 14 |
| - Thai Baht | 229 | - |
| | 454 | 3,566 |

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).

## 47 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 RM1,829,000 (2016 : RM1,641,000) 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<br>Financial liabilities | On demand or within one year RM'000 | Two to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **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 |
| | 277,043 | 730,982 | 372,492 | 1,380,517 |
| **2016** | | | | |
| Payables | 121,203 | - | - | 121,203 |
| Long term liabilities | - | 16,810 | 105,000 | 121,810 |
| Senior Bonds | 49,248 | 131,345 | - | 180,593 |
| Hire purchase liabilities | 382 | 1,337 | - | 1,719 |
| Bank borrowings | 153,788 | 426,057 | 276,924 | 856,769 |
| | 324,621 | 575,549 | 381,924 | 1,282,094 |

## 47 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTD.)

### (b) Liquidity Risk (contd.)

Analysis of undiscounted financial instruments by remaining contractual maturities (contd.)

| Company<br>Financial liabilities | On demand or within one year RM'000 | Two to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2017** | | | | |
| Payables | 153,424 | - | - | 153,424 |
| Hire purchase liabilities | 27 | 41 | - | 68 |
| | 153,451 | 41 | - | 153,492 |
| **2016** | | | | |
| Payables | 56,801 | - | - | 56,801 |
| Bank borrowings | 23,198 | 145,984 | 176,065 | 345,247 |
| Hire purchase liabilities | 28 | 68 | - | 96 |
| | 80,027 | 146,052 | 176,065 | 402,144 |

### (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.

## 48 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 2017 and 2016.

## 48 CAPITAL MANAGEMENT (CONTD.)

The Group monitors capital using a gearing ratio, which is debt divided by total equity. The Group's total debt includes borrowings, Senior Bonds and hire purchase liabilities. Total equity represents net equity attributable to the owners of the parent plus non-controlling interests.

The gearing ratios as of 30 June 2017 and 30 June 2016 were as follows:

| | | Group | |
|---|---|---|---|
| | Note | 2017 RM'000 | 2016 RM'000 |
| Bank borrowings | 22 | 676,959 | 691,118 |
| Senior Bonds | 23 | 159,425 | 159,234 |
| Hire purchase liabilities | 24 | 1,711 | 1,362 |
| Long term liabilities | 25 | 124,935 | - |
| Total debt | | 963,030 | 851,714 |
| Total equity | | 2,251,327 | 2,200,039 |
| Gearing ratio (%) | | 43 | 39 |

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

## 49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

The said transactions had been completed during the financial year.

(b) On 21 June 2016, Aroma Kiara Sdn Bhd, a wholly-owned subsidiary company of the Company entered into a Share Purchase Agreement with Oriental Holdings Berhad, Oriental Rubber & Palm Oil Sdn Berhad, Dato’ Syed Mohamad Bin Syed Murtaza, and Dato' Seri Haji Md Isahak Bin Md. Yusuf to acquire 100% equity interest in Oriental Assemblers Sdn Bhd for a total cash consideration of RM32.5 million.

The said acquisition had been completed during the financial year for an adjusted total cash consideration of RM29.6 million.

(c) 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.

## 49 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTD.)

(d) On 13 July 2016, Berjaya Waterfront Sdn Bhd (“BWSB”), a wholly-owned subsidiary company of the Company and Foshan City Bureau of Commerce (“FCBC”), the agency responsible for the commerce development and management of the Government of Foshan City, Guangdong Province in China entered into a Memorandum of Understanding (MOU) for Collaboration to foster trade and investment from Foshan City to the South East Asia Duty Free Trade City (“SEADFTC”) project. Under the MOU, both BWSB and FCBC will establish a framework for collaboration with progressive discussions, exchange of information, and development and investment updates for the relevant commercial initiatives. FCBC will organise trade visits to SEADFTC to explore and conduct trading and investment activities with the intention of promoting this project as a strategic initiative for Foshan City investors in Malaysia.

## 50 SUBSEQUENT EVENT

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") ("Proposed Share Split").

The Proposed 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 Spilt in relation to the outstanding Warrants 2008/2018 will only be finalised on the Entitlement Date.

On 4 October 2017, the Company announced that Bursa Securities had vide its letter dated on even date, approved the following:
(i) Proposed Share Split;
(ii) Listing and quotation of up to 339,888,548 Additional BAssets Warrants arising from the adjustment made pursuant to the Proposed Share Split; and
(iii) Listing and quotation of up to 339,888,548 new shares of the Company to be issued pursuant to the exercise of the Additional BAssets Warrants.

The Subdivided Shares and the Additional BAssets Warrants will be listed and quoted simultaneously.

The Proposed Share Split is now subject to the approval of the Company's shareholders at an extraordinary general meeting to be convened.

## 51 COMPARATIVES

Certain comparative figures have been reclassified to conform with the current year's presentation.

**Statement of Financial Position**
**Group**

| 2016 | Note | As previously reported RM'000 | Reclassi-fication RM'000 | As reclassified RM'000 |
|---|---|---|---|---|
| Deferred tax assets | 26 | - | 16,878 | 16,878 |
| Deferred tax liabilities | 26 | (75,855) | (16,878) | (92,733) |
| Payables | 27 | (127,874) | 644 | (127,230) |
| Provisions | 28 | - | (644) | (644) |

## 52 SUBSIDIARY AND ASSOCIATED COMPANIES

| | Name of Company | Country of Incorporation | Principal Activities | Proportion of ownership and voting power held by the Group 2017 % | 2016 % |
|---|---|---|---|---|---|
| | **Subsidiary Companies** | | | | |
| | Aroma Kiara Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| | Ascend Asap Sdn Bhd (formerly known as Gaya Mustika Sdn Bhd) | Malaysia | Investment holding | 100 | - |
| | BA Properties (Cayman) Limited | Cayman Islands | Investment holding | 100 | 100 |
| | Berjaya Assets Food (BAF) Sdn Bhd | Malaysia | Operation of food and beverage business | 100 | 100 |
| ^ | Berjaya Assets Pte Ltd | Singapore | Investment holding | 100 | 100 |
| | Berjaya Times Square Sdn Bhd | Malaysia | Property investment, property development and investment holding | 100 | 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 | - |
| | Ishandal Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| | Jernih Wiramas Sdn Bhd | Malaysia | Property investment and property development | 100 | 100 |
| * | Natural Avenue Sdn Bhd | Malaysia | Number forecast lotteries in Sarawak | 65 | 65 |
| | Rentas Padu Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| | Sapphire Transform Sdn Bhd | Malaysia | Property investment | 100 | 100 |
| # | Sempurna Bahagia Sdn Bhd | Malaysia | Investment holding | 100 | 100 |
| | Sublime Cartel Sdn Bhd | Malaysia | Provision of lottery consultancy and related services and investment holding | 100 | 100 |

## 52 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

| Name of Company | Country of Incorporation | Principal Activities | Proportion of ownership and voting power held by the Group 2017 % | 2016 % |
|---|---|---|---|---|
| **Subsidiary Companies (contd.)** | | | | |
| Sunrise Bonanza Sdn Bhd | Malaysia | Property investment and property development | 70 | 70 |
| **Subsidiary of Aroma Kiara Sdn Bhd** | | | | |
| @ Oriental Assemblers Sdn Bhd | Malaysia | Vehicle assembly and the manufacturing and sales of engines and transmissions | 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 |

## 52 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)

| Name of Company | Country of Incorporation | Principal Activities | Proportion of ownership and voting power held by the Group 2017 % | 2016 % |
|---|---|---|---|---|
| **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 Company** | | | | |
| Megaquest Sdn Bhd | Malaysia | Investment holding | 50 | 50 |

* *Effective interest*
\# *67% held by Bumisuci Sdn Bhd and 33% held by Ishandal Sdn Bhd*
^ *Audited by a firm other than Deloitte PLT*

@ *The subsidiary company was acquired during the financial year and the audited financial statements of this subsidiary company for the period 1 June 2017 to 30 June 2017 are not available. The Directors have relied on the unaudited management prepared financial statements of Oriental Assemblers Sdn Bhd in the preparation of the consolidated financial statements of the Group and are of the view that the unaudited management prepared financial statements are sufficient for this purpose as the results of the subsidiary company is not material to the financial statements of the Group.*

## 53 SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised earnings is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Realised earnings | 302,206 | 399,146 | 43,404 | 99,974 |
| Unrealised earnings | 839,540 | 793,350 | - | - |
| Total retained earnings | 1,141,746 | 1,192,496 | 43,404 | 99,974 |
| Less: Consolidation adjustments | (372,385) | (411,698) | - | - |
| Retained earnings as per financial statements | 769,361 | 780,798 | 43,404 | 99,974 |

The determination of realised and unrealised earnings is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

**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 2017 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 47 to 151.

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 2017, 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.

*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.

| *Key audit matter* | *How the scope of our audit responded to the key audit matter* |
|---|---|
| **Valuation of Investment Properties**<br><br>As at 30 June 2017, the carrying amount of investment properties amounted to RM2,508,166,000 representing 79% and 71% of the Group's total non-current assets and total assets respectively.<br><br>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.<br><br>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.<br><br>Refer to "Key estimates and assumptions" in Note 4(b)(viii) to the financial statements. | Our audit procedures, amongst others, included:<br><br>• assessed the objectivity, independence, reputation and expertise of the independent valuers;<br>• 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<br>• evaluated the appropriateness of the date 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.<br><br>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements. |

| *Key audit matter* | *How the scope of our audit responded to the key audit matter* |
|---|---|
| **Review Impairment of Goodwill**<br><br>Goodwill on consolidation of RM44,016,000 and RM27,000 have been allocated to the Group's cash generating units ("CGUs") identified to the gaming and related activities business segment and the property investment business segment as at 30 June 2017 respectively.<br><br>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.<br><br>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 RM38,865,000.<br><br>Refer to "Key estimates and assumptions" in Note 4(b)(i) to the financial statements. | Our audit procedures, amongst others, included:<br><br>• Reviewed the soundness of the impairment model with the involvement of our internal valuation specialists.<br>• Performed retrospective review of the cash flow projection used in the model to assess the reliability of management's estimates.<br>• 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.<br>• Performed sensitivity analysis on key management assumptions to reflect reasonably possible future alternative scenarios.<br><br>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements. |

| *Key audit matter* | *How the scope of our audit responded to the key audit matter* |
|---|---|
| **Additional Assessments Raised by the Inland Revenue Board of Malaysia ("IRB")**<br><br>As disclosed in Note 41 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.<br><br>The IRB also 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 SCIT. Upon the grant of stay of proceedings, the taxes in dispute amounted to RM180.73 million, inclusive of tax penalties amounted to RM72.82 million, is now disclosed as contingent liabilities.<br><br>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 judement and estimation. In addition, the management also relies on external legal opinions.<br><br>Refer to "Key estimates and assumptions" in Note 4(a)(v) to the financial statements. | Our audit procedures, amongst others, included:<br><br>• Reviewed the relevant tax documents furnished by the management.<br>• 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.<br>• Obtained legal confirmations from the legal advisors engaged by BTSSB in relation to the tax issue.<br><br>We have also assessed the adequacy and appropriateness of the disclosures in the financial statements. |

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group but does not include the financial statements of the Group and of the Company and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Corporate Information, Profile of Directors, Other Information, Statistics on Shares and Warrants, Statement of Directors' Shareholdings, Substantial Shareholders and Notice of Annual General Meeting, which are expected to be made available to us after that date.

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.

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 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.

When we read the Corporate Information, Profile of Directors, Other Information, Statistics on Shares and Warrants, Statement of Directors' Shareholdings, Substantial Shareholders and Notice of Annual General Meeting reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

*Responsibilities of the Board of Directors for the Financial Statements*

The Board of Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Board of Directors is also responsible for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements 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 Board of Directors is 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 Board of Directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The Audit and Risk Committee of the Company is responsible for overseeing the Group's and the Company's financial reporting process.

*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 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, 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 management.

• Conclude on the appropriateness of management's 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 consolidated financial statements 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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 52 to the financial statements.

**Other Reporting Responsibilities**

The supplementary information set out on page 152 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

**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 (AF0080)**

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

4 October 2017

# LIST OF **PROPERTIES**
AS AT 30 JUNE 2017

| LOCATION | TENURE | SIZE | DESCRIPTION/ EXISTING USE | ESTIMATED AGE OF BUILDING | DATE OF ACQUISITION | NET CARRYING AMOUNT RM'000 |
|---|---|---|---|---|---|---|
| No. Geran 56069<br>Lot 2001, Section 52<br>Town and District of Kuala Lumpur<br>(Berjaya Times Square, Jalan Imbi<br>Kuala Lumpur) | Freehold | 39,591 sq meters | Shopping-cum-leisure mall | <14 years | 8.7.1994 | 2,190,439 |
| No. Geran 56068<br>Lot 2000, Section 52<br>Town and District of Kuala Lumpur<br>(No. 1, Jalan Imbi, Kuala Lumpur) | Freehold | 3,901 sq meters | Office building | <24 years | 8.7.1994 | |
| H.S. (D) 156049, P.T. No. 3338<br>Mukim Damansara<br>District of Petaling<br>Selangor Darul Ehsan | Freehold | 513 sq meters | Bungalow | >35 years | 15.3.2011 | 1,850 |
| No. Geran 33664<br>Lot 165, Seksyen 0094<br>Bandar Kuala Lumpur<br>Wilayah Persekutuan | Freehold | 125 sq meters | Shop lot | >45 years | 10.1.2012 | 2,500 |
| No. Geran 49297<br>Lot 52, Seksyen 94<br>Bandar Kuala Lumpur<br>Wilayah Persekutuan | Freehold | 1,694 sq meters | Bungalow | >45 years | 31.12.2011 | 7,000 |
| Lots PTB 10707, PTB 20006<br>PTB 20380, PTB 20438<br>PTD 146378 & PTD 148062<br>Bandar Johor Bahru<br>Daerah Johor Bahru, Negeri Johor<br>(Berjaya Waterfront, Johor Bahru) | Freehold with 99 years lease interest expiring on 30.10.2092 | 57,355 sq meters | 5-level shopping complex | 20 years | 10.4.2012 | 187,463 |
| | | | 12-level 400 rooms hotel, a ferry terminal, a custom & immigration building | 20 years | 10.4.2012 | 122,443 |
| Lot PTB 24317 & PTB 24318<br>Bandar Johor Bahru<br>Daerah Johor Bahru, Negeri Johor<br>(Berjaya Waterfront, Johor Bahru) | Freehold with 99 years lease interest expiring on 30.10.2092 | 19,826 sq meters | Vacant land | N/A | 10.4.2012 | 36,300 |
| No. Geran 102261, Lot 21393<br>Bandar Johor Bahru<br>Daerah Johor Bahru, Negeri Johor | Freehold | 5,377 sq meters | 76 office units on a purpose built office tower | 19 years | 29.4.2015 | 113,000 |
| Lot G-09, G-10, G-11 and G-12<br>Ground Floor, Berjaya Times Square<br>Jalan Imbi, Kuala Lumpur | Freehold | 2,001 sq feet | Retail lots for rent | <14 years | 28.6.2012 | 40,200 |

| LOCATION | TENURE | SIZE | DESCRIPTION/ EXISTING USE | ESTIMATED AGE OF BUILDING | DATE OF ACQUISITION | NET CARRYING AMOUNT RM'000 |
|---|---|---|---|---|---|---|
| Lot 8189 & 8190 Town East Jalan Pending Kuching, Sarawak | Leasehold 60 years expiring on 11.5.2048 | 245 sq meters | 4-storey shop house/office building | 28 years | 13.7.1996 | 549 |
| 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 meters | 4-storey shop house/office building used as office and draw hall | 22 years | 31.8.2002 | 3,075 |
| The Collins Theatre 1 Essex Road London N1 2SE | 999 years | Approximately 13,272 sq feet | Theatre and restaurant/Retail shop | 21 years | 23.08.2012 | 28,509 |
| 1-17 Essex Road, London N1 2SE and 12A Islington Green London N1 2XN | 150 years | 45,983 sq feet | 70 fully furnished residential units | 21 years | 15.08.2014 | 223,600 |
| Lot PTB 11082, Bandar of Johor Bahru, Daerah Johor Bahru Negeri Johor | Freehold | 47,737 sq feet | Vacant land | N/A | 22.10.2013 | 6,041 |
| Lot PTB 11084, Bandar of Johor Bahru, Daerah Johor Bahru Negeri Johor | Freehold | 70,960 sq feet | Vacant land | N/A | 22.10.2013 | 21,063 |
| Lot PTB 24119, Bandar of Johor Bahru, Daerah Johor Bahru Negeri Johor | Leasehold 99 years expiring on 18.1.2114 | 25.034 hectares | Sea bed for reclamation | N/A | 9.11.2014 | 72,093 |
| 99 & 99A-C, Jalan Tampoi 81200 Johor Bahru, Johor Darul Takzim | Leasehold 60 years expiring on 2031 | 217,183 sq feet | Multi-storey car park | 20 years | 01.11.1997 | 34,219 |
| | | 424,658 sq feet | Assembly plant & administration office | 49 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, 42, 43 and 50 of the financial statements for the financial year ended 30 June 2017 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 2017 amounted to RM67,000.

| 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 | 242 |
| Inter-Pacific Trading Sdn Bhd | BAssets Group | Purchase of stationery products and printing services | 35 |
| Berjaya Registration Services Sdn Bhd ("BRegistration") | BAssets | Receipt of share registration services | 40 |
| | Berjaya Times Square Sdn Bhd ("BTSSB") | Rental income receivable for renting of shoplot at Lot 06-01, 6th Floor and office at Lot 10-02A 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 462 |
| Berjaya Burger Sdn Bhd (formerly known as Wen Berjaya Sdn Bhd) | BTSSB | Rental income receivable for renting of café at Lots 03-89, 3rd Floor and office at Lots 09-19, 09-20 and 09-21, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 266 |
| Berjaya Higher Education Sdn Bhd | BTSSB | Rental income receivable for renting of premises at Lot14-01, 14th Floor, Lots 09-23, 09-24, 09-25, 9th Floor, BerjayaTimes 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 |
| Berjaya Hills Resorts Berhad (formerly known as Berjaya Hills Berhad) | BTSSB | Rental income receivable for renting of office at Lots 08-65, 08-66 & 08-67, 8th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 104 |
| Cosway (M) Sdn Bhd | BTSSB | Rental income receivable for renting of shoplots at LG-12 & LG-20, Lower Ground Floor, Berjaya Times Square, JalanImbi, Kuala Lumpur | 447 |
| Berjaya Papa John's Pizza Sdn Bhd | BTSSB | Rental income receivable for renting of café and storage space at Lots G-07, G-07A, G-07B, G-08B & Lot G-30, Ground Floor, and office at Lots 09-16, 09-17 & 09-18, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 283 |
| RU Café Sdn Bhd | Sapphire Transform Sdn Bhd & BTSSB | Rental income receivable for renting of shoplots at Lot G-09, Ground Floor, and office at Lot 09-05, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 126 |

| 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, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 92 |
| KUB-Berjaya Enviro Sdn Bhd | BTSSB | Rental income receivable for renting of office at Lots 09-01, 09-02 & 09-03, 9th Floor, Berjaya Times Square, 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, KualaLumpur. | 40 |
| BLoyalty Sdn Bhd | BAssets Group | Provision for promotion, advertising and publishing services | 2 |
| E.V.A. Management Sdn Bhd | BAssets Group | Provision of human resources management services | 5 |
| 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 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, secretaria land general administrative services | 240 |
| | BTSSB | Rental income receivable for renting of office at Lots 02-17 & 02-34, 2nd Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 379 |
| BLand and its subsidiary companies | BTS Car Park Sdn Bhd | Parking charges receivable | 212 |
| Budi Impian Sdn Bhd | BTSSB | Rental income receivable for renting of shoplots at Lots LG-73, 74 & 74A, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur. | 242 |
| 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 Assets Berhad ("BAssets") Group with the following Related Parties | BAssets and/or its subsidiary companies | Nature of transactions | Amount transacted RM'000 |
|---|---|---|---|
| Berjaya Guard Services Sdn Bhd | BAssets Group | Receipt of security guard services | 285 |
| 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, 101, Jalan Bukit Bintang, Kuala Lumpur | 716 |
| **Berjaya Sports Toto Berhad ("BToto") and/or its unlisted subsidiary companies:-** | | | |
| BToto and its unlisted subsidiary companies | BTS Car Park Sdn Bhd | Parking charges receivable | 449 |
| International Lottery & Totalizator Systems, Inc | Natural Avenue Sdn Bhd | Procurement of computerised lottery system and related services | 685 |
| 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 |
| **Berjaya Media Berhad ("BMedia") and/or its unlisted subsidiary company:-** | | | |
| Sun Media Corporation Sdn Bhd | BAssets Group | Procurement of promotion, advertising and publishing services | 38 |
| **Berjaya Food Berhad ("BFood") and/or its unlisted subsidiary companies:-** | | | |
| BFood and its subsidiary companies | BTS Car Park Sdn Bhd | Parking charges receivable | 149 |
| Berjaya Roasters (M) Sdn Bhd | BTSSB | Rental income receivable for renting of shoplot at Lot 03-85, 3rd Floor and office at Lots 09-06 to 09-13, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 641 |
| Berjaya Starbucks Coffee Company Sdn Bhd | BTSSB | Rental income receivable for renting of café at Lots 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 10-02E, 10th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 771 |
| | 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 | 102 |

| Berjaya Assets Berhad (“BAssets”) Group with the following Related Parties | BAssets and/or its subsidiary companies | Nature of transactions | Amount transacted RM’000 |
|---|---|---|---|
| **<u>7-Eleven Malaysia Holdings Berhad (“SEM”) and/or its unlisted subsidiary company:</u>** | | | |
| 7-Eleven Malaysia Sdn Bhd *(a)* | BTSSB | Rental income receivable for renting of shoplots and storage space at Lots G-37B, G-13A-1, Ground Floor, Lots 01-16 & 01-22, 1st Floor, Lot 03-96C, 3rd Floor, Lot 05-92, 5th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur. | 563 |
| | BTS Car Park Sdn Bhd | Parking charges receivable | 6 |
| **<u>Other related parties:-</u>** | | | |
| Ascot Sports Sdn Bhd (“Ascot”) *(c)* | 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 *(d)* | BTSSB | Rental income receivable for renting of shoplot at Lot LG-55, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 244 |
| Intan Utilities Berhad (“Intan”) *(e)* | BTS Car Park Sdn Bhd | Parking charges receivable | 5 |
| Roda Indah Motors Sdn Bhd *(e)* | | | 2 |
| Wilayah Motor Sdn Bhd *(e)* | | | 12 |
| UPC Management Services Sdn Bhd *(e)* | | | 2 |
| U Mobile Sdn Bhd (“UMSB”) *(f)* | BTSSB | Rental income receivable for renting of shoplot at Lot G-17A, Ground Floor, office and storage space at Lots 08-06 to 08-13A, 08-74D, 8th Floor and 10-01C, 10th Floor, broadcasting facility at TB Roof 04 and 09-CP-01, L-CPA, carpark of Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 3,305 |
| | 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 | 588 |
| Berjaya Radioshack Sdn Bhd *(b)* | BTSSB | Rental income receivable for renting of shoplot at Lot G-16, Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 232 |

| 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 *(g)* | BTSSB | Rental income receivable for renting of office at Lots 07-01 & 07-01A, 7th Floor, Lots 08-01 & 08-64, 8th Floor and shoplots at Lots 08-01A & 08-02, 8th Floor, Lots 09-62, 09-63, 09-64 & 09-97, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 520 |
| | BTS Car Park Sdn Bhd | Parking charges receivable | 14 |
| Caring Pharmacy Retail Management Sdn Bhd *(k)* | BTSSB | Rental income receivable for renting shoplots at Lots LG-39 & LG-40, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 359 |
| Adcas Lifescience Sdn Bhd ("Adcas") *(h)* | BTSSB | Rental income receivable for renting shoplots at Lots 09-71 to 09-73-A, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 54 |
| | BTS Car Park Sdn Bhd | Parking charges receivable | |
| Mode Fair Sdn Bhd ("MFSB") *(i)* | BTSSB | Rental income receivable for renting shoplots at Lots 09-88 to 09-90, 9th Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 89 |
| La Juiceria Sdn Bhd ("LJSB") *(j)* | BTSSB | Rental income receivable for renting kiosk at Lot LG-19B-1, Lower Ground Floor, Berjaya Times Square, Jalan Imbi, Kuala Lumpur | 72 |
| **Grand Total** | | | **16,619** |

**Notes:**

a) A wholly owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"). SEM is in turn 36.91% owned by Berjaya Retail Berhad ("BRetail") and deemed a related party by virtue of Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT")'s deemed interest in BRetail.

b) Subsidiary companies of BRetail and deemed related parties by virtue of TSVT's deemed interest in BRetail.

c) 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.

d) A company in which Tan Sri Dato' Tan Chee Sing, the brother of TSVT is a deemed major shareholder.

e) A company in which TSVT has deemed interests.

f) Deemed a related party by virtue of TSVT's direct and deemed interests in UMSB. TSVT is also the Chairman of UMSB.

g) A wholly-owned subsidiary company of MOL Global, Inc ("M-Global"). TSVT and BCorporation are major shareholders of M-Global.

h) Dato' Zurainah Binti Musa is a major shareholder and director of Adcas. She is also an Executive director of BTSSB.

i) Morvin Tan U-Jiang ("MTUJ") and Chryseis Tan Sheik Ling ("CTSL"), the children of TSVT and Executive Directors of BAssets, are major shareholders of MFSB. MTUJ is also a director of MFSB.

j) CTSL is a major shareholder and a director of LJSB.

k) A subsidiary of Caring Pharmacy Group Berhad. TSVT is a major shareholder of Caring Pharmacy Group Berhad.

# STATISTICS ON
# SHARES AND WARRANTS
AS AT 5 OCTOBER 2017

## ANALYSIS OF SHAREHOLDINGS IN ORDINARY SHARES

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| Less than 100 | 444 | 15.04 | 12,366 | 0.00 |
| 100 – 1,000 | 572 | 19.37 | 232,206 | 0.02 |
| 1,001 – 10,000 | 1,176 | 39.82 | 5,958,142 | 0.50 |
| 10,001 – 100,000 | 515 | 17.44 | 17,581,983 | 1.48 |
| 100,001 – 59,456,767 | 243 | 8.23 | 916,903,162 | 77.11 |
| 59,456,768* and above | 3 | 0.10 | 248,447,500 | 20.89 |
| **Total** | **2,953** | **100.00** | **1,189,135,359** | **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 | 120,000,000 | 10.09 |
| 2. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (8087489) | 68,447,500 | 5.76 |
| 3. | Malaysia Nominees (Tempatan) Sendirian Berhad<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00856-003) | 60,000,000 | 5.05 |
| 4. | Berjaya Sompo Insurance Berhad | 55,292,500 | 4.65 |
| 5. | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Malayan Banking Berhad (MBB2 Swap-M) | 55,000,000 | 4.63 |
| 6. | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 47,500,000 | 3.99 |
| 7. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (49877 PDZM) | 44,500,000 | 3.74 |
| 8. | Abd Rahman Bin Soltan | 35,000,000 | 2.94 |
| 9. | MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MGN-VTC0001M) | 33,000,000 | 2.78 |
| 10. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Chee Sing (Golden) | 31,700,000 | 2.67 |
| 11. | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Kok Ping | 26,700,000 | 2.25 |
| 12. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd | 25,699,300 | 2.16 |

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 13. | RHB Nominees (Tempatan) Sdn Bhd<br>Bank of China (Malaysia) Berhad Pledged Securities Account for Portal Access Sdn Bhd | 24,950,000 | 2.10 |
| 14. | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account – Ambank (M) Berhad for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 24,000,000 | 2.02 |
| 15. | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 22,000,000 | 1.85 |
| 16. | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Hotel Resort Enterprise Sdn Bhd | 20,507,600 | 1.72 |
| 17. | Scotia Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 19,900,000 | 1.67 |
| 18. | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Berjaya Land Berhad | 16,000,000 | 1.34 |
| 19. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (Singer CBM) | 16,000,000 | 1.34 |
| 20. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br>Arsam Bin Damis (IPM) | 15,590,000 | 1.31 |
| 21. | Malaysia Nominees (Tempatan) Sendirian Berhad<br>Pledged Securities Account for Berjaya VTCY Sdn Bhd (01-00856-001) | 15,582,246 | 1.31 |
| 22. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Pantai Cemerlang Sdn Bhd | 15,000,000 | 1.26 |
| 23. | Malaysia Nominees (Tempatan) Sendirian Berhad<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (01-00820-000) | 15,000,000 | 1.26 |
| 24. | Amsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (MX3999) | 15,000,000 | 1.26 |
| 25. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br>IPM for Ong Kar Beau | 13,700,000 | 1.15 |
| 26. | Ambilan Imej Sdn Bhd | 13,536,527 | 1.14 |
| 27. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Fabulous Channel Sdn Bhd (AF0010) | 13,000,000 | 1.09 |
| 28. | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 12,800,000 | 1.08 |
| 29. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Chee Sing (514057695025) | 12,000,000 | 1.01 |
| 30. | HLB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Berjaya Land Berhad (BBB) | 11,730,000 | 0.99 |
| | | **899,135,673** | **75.61** |

## ANALYSIS OF WARRANT HOLDERS

| Size of Warrant Holdings | No. of Warrant Holders | % | No. of Warrants | % |
|---|---|---|---|---|
| Less than 100 | 2 | 0.59 | 46 | 0.00 |
| 100 – 1,000 | 32 | 9.47 | 20,086 | 0.01 |
| 1,001 – 10,000 | 148 | 43.79 | 675,744 | 0.20 |
| 10,001 – 100,000 | 114 | 33.73 | 4,541,076 | 1.33 |
| 100,001 – 16,994,426 | 37 | 10.94 | 55,833,234 | 16.43 |
| 16,994,427* and above | 5 | 1.48 | 278,818,362 | 82.03 |
| **Total** | **338** | **100.00** | **339,888,548** | **100.00** |

**Note:**

* Denotes 5% of the warrants outstanding.

## LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

| No. | Name of Warrant Holders | No. of Warrants | % |
|---|---|---|---|
| 1. | Tan Sri Dato' Seri Vincent Tan Chee Yioun | 116,076,902 | 34.15 |
| 2. | Scotia Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 50,000,000 | 14.71 |
| 3. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 45,000,000 | 13.24 |
| 4. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun (49877 PDZM) | 40,000,000 | 11.77 |
| 5. | Portal Access Sdn Bhd | 27,741,460 | 8.16 |
| 6. | Berjaya Land Berhad | 12,085,654 | 3.56 |
| 7. | BTS Hotel Sdn Bhd | 10,211,506 | 3.00 |
| 8. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br>Inter-Pacific Capital Sdn Bhd (A/C 83) | 7,352,000 | 2.16 |
| 9. | Magna Mahsuri Sdn Bhd | 4,374,500 | 1.29 |
| 10. | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Sri Dato' Seri Vincent Tan Chee Yioun | 4,000,000 | 1.18 |
| 11. | Berjaya Capital Berhad | 3,370,000 | 0.99 |
| 12. | Berjaya Sompo Insurance Berhad | 3,317,000 | 0.98 |
| 13. | DB (Malaysia) Nominee (Asing) Sdn Bhd<br>Exempt An for Bank of Singapore Limited | 1,309,000 | 0.39 |
| 14. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chok Chew Lan (8125568) | 1,002,500 | 0.29 |
| 15. | Low Yee Juan | 862,000 | 0.25 |

## LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D)

| No. | Name of Warrant Holders | No. of Warrants | % |
|---|---|---|---|
| 16. | Chok Chew Lan | 787,000 | 0.23 |
| 17. | JMP Holdings Sdn Bhd | 717,028 | 0.21 |
| 18. | Vecc-Men Holdings Sdn Bhd | 717,028 | 0.21 |
| 19. | Cimsec Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Thong Foong Tat (MY0878) | 664,100 | 0.20 |
| 20. | Tan Chong Swee | 655,000 | 0.19 |
| 21. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Hong Lim (E-KLC) | 496,000 | 0.15 |
| 22. | JF Apex Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Teo Kwee Hock (STA 1) | 327,300 | 0.10 |
| 23. | Wong Swee Yin | 297,000 | 0.09 |
| 24. | Ng Lee Lin | 278,488 | 0.08 |
| 25. | Dato' Sri Robin Tan Yeong Ching | 243,340 | 0.07 |
| 26. | Quah Chia Hor | 231,200 | 0.07 |
| 27. | Yeo Foo Chen | 231,000 | 0.07 |
| 28. | Nerine Tan Sheik Ping | 218,340 | 0.06 |
| 29. | Mercsec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for TNTT Realty Sdn Bhd | 216,950 | 0.06 |
| 30. | Tio Thiam Boon | 200,000 | 0.06 |
| | | **332,982,296** | **97.97** |

# STATEMENT OF DIRECTORS' SHAREHOLDINGS
AS AT 5 OCTOBER 2017

Subsidiary Company:

Jauhari Maksima Sdn Bhd

| | 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 interest in the shares and warrants of the Company or its related corporations as at 5 October 2017.

# SUBSTANTIAL SHAREHOLDERS
AS AT 5 OCTOBER 2017

| | No. of Ordinary Shares | | | |
|---|---|---|---|---|
| **Names of Substantial Shareholders** | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Tan Sri Dato' Seri Vincent Tan Chee Yioun | 392,870,000 | 33.04 | 275,801,528(a) | 23.19 |
| Berjaya Land Berhad | 33,264,135 | 2.80 | 73,615,212(b) | 6.19 |
| Teras Mewah Sdn Bhd | – | – | 106,879,347(c) | 8.99 |
| Berjaya Capital Berhad | 8,425,000 | 0.71 | 72,329,027(d) | 6.08 |
| Juara Sejati Sdn Bhd | – | – | 187,633,374(e) | 15.78 |
| Berjaya Group Berhad | – | – | 187,633,374(f) | 15.78 |
| Berjaya Corporation Berhad | – | – | 187,633,374(g) | 15.78 |
| DYMM Sultan Ibrahim Johor | 120,000,000 | 10.09 | – | – |

**Notes:**

(a) Deemed interested by virtue of his interests in Berjaya Corporation Berhad, Hotel Resort Enterprise Sdn Bhd, B & B Enterprise Sdn Bhd, Berjaya VTCY Sdn Bhd and his deemed interest in Lim Kim Hai Sales & Services Sdn Bhd.

(b) Deemed interested by virtue of its 100% interests in Portal Access Sdn Bhd, Immediate Capital Sdn Bhd, BTS Hotel Sdn Bhd and Nada Embun Sdn Bhd as well as its interest in Berjaya Sports Toto Berhad, the holding company of Magna Mahsuri Sdn Bhd and Berjaya Philippines Inc.

(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 Sompo Insurance Berhad.

(e) Deemed interested by virtue of its interests in Berjaya Land Berhad and Berjaya Capital Berhad.

(f) Deemed interested by virtue of its 100% interests in Teras Mewah Sdn Bhd and Juara Sejati Sdn Bhd.

(g) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.

# NOTICE OF
# ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Seventh 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 Tuesday, 28 November 2017 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 2017 and the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees amounting to RM129,704.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2017. **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 RM640,000.00 for the period from 31 January 2017 until the next AGM of the Company to be held in 2018. **Resolution 2**

4. To re-elect the following Directors who retire by rotation pursuant to Article 102 of the Company's Articles of Association and who being eligible, offer themselves for re-election:

   a) Heng Kiah Choong **Resolution 3**
   b) Datuk Wira Lye Ek Seang **Resolution 4**

5. To re-elect the following Directors who retire pursuant to Article 93 of the Company's Articles of Association and who being eligible, offers themselves for re-election:

   a) YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail **Resolution 5**
   b) Chryseis Tan Sheik Ling **Resolution 6**
   c) Koh Huey Min **Resolution 7**

6. To re-appoint Dato' Mohd Salleh Bin Ahmad as a Director of the Company. **Resolution 8**

7. To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**

8. 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 issued share capital 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 10**

**(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 31 October 2017 ("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:-

(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 11**

**(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 U Mobile Sdn Bhd and REDtone International Berhad, which are 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 31 October 2017 ("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 12**

**(iv) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Dato' Zurainah Binti Musa**

"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 Dato' Zurainah Binti Musa as specified in Section 2.3 of the Circular to Shareholders dated 31 October 2017 ("Proposed Mandate III"), 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 III 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 13**

**(v) 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 issued share capital of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits 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 14**

**(vi) 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 nine years." **Resolution 15**

**(vii) 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 nine years." **Resolution 16**

By Order of the Board

WONG SIEW GUEK
(MAICSA 7042922)
Secretary

Kuala Lumpur
31 October 2017

**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 2017 is same as in the previous financial year ended 30 June 2016. Following the resignation of YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin as the Chairman/Director of the Company on 23 February 2017, the Director's fee for YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin was pro-rated from 1 July 2016 up to 23 February 2017.

3. **Directors' Remuneration**

   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. Pursuant thereto, 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 31 January 2017 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. **Proposed re-appointment of Director**

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

   At the previous Fifty-Sixth AGM held on 23 November 2016, Dato' Mohd Salleh Bin Ahmad, who is over seventy (70) years of age has been re-appointed as a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the Fifty-Seventh AGM in 2017.

   The proposed Resolution 8, if passed, will confirm the appointment of Dato' Mohd Salleh Bin Ahmad as a Director of the Company at this AGM without any further requirement for him to seek re-appointment in the future except that he will be subject to retirement by rotation pursuant to Article 102 of the Company's Articles of Association.

5. **Re-appointment of Auditors**

   Deloitte has converted its legal entity status from unlimited liability partnership under the Partnership Act 1961 to limited liability partnership under the Limited Liability Partnerships Act 2012 on 3 January 2017. Accordingly, the re-appointment of Deloitte as Auditors is to be made in the name of Deloitte PLT.

6. **Authority to issue and allot shares pursuant to Sections 75 and 76 of the CA 2016**

   Resolution 10 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 issued share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next 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-Sixth AGM held on 23 November 2016 and which will lapse at the conclusion of the Fifty-Seventh 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.

7. **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 11, 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 31 October 2017 which is despatched together with the Company's 2017 Annual Report.

**8. 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 12, if passed, will allow the Company and its subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with U Mobile Sdn Bhd and REDtone International Berhad, which are 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 31 October 2017 which is despatched together with the Company's 2017 Annual Report.

**9. Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Dato' Zurainah Binti Musa**

Resolution 13, 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 Dato' Zurainah Binti Musa in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate III"). Detailed information on the Proposed Shareholders' Mandate III is set out under Part A of the Circular/Statement to Shareholders dated 31 October 2017 which is despatched together with the Company's 2017 Annual Report.

**10. Proposed Renewal of Authority for the Company to Purchase its Own Shares**

Resolution 14, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued share capital of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 31 October 2017 which is despatched together with the Company's 2017 Annual Report.

**11. Proposed Retention of Independent Non-Executive Directors**

Resolution 15 and Resolution 16 are proposed pursuant to Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012 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 Statement on Corporate Governance in the Company's 2017 Annual Report.

**12. 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 21 November 2017 shall be entitled to attend and vote at the meeting.

**13. Poll voting**

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

# FORM OF
# PROXY

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

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-Seventh 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 Tuesday, 28 November 2017 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 2017. | | |
| RESOLUTION 2 – To approve payment of Directors' Remuneration (excluding Directors' Fees) for the period from 31 January 2017 until the next AGM of the Company. | | |
| RESOLUTION 3 – To re-elect Heng Kiah Choong as Director. | | |
| RESOLUTION 4 – To re-elect Datuk Wira Lye Ek Seang as Director. | | |
| RESOLUTION 5 – To re-elect YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail as Director. | | |
| RESOLUTION 6 – To re-elect Chryseis Tan Sheik Ling as Director. | | |
| RESOLUTION 7 – To re-elect Koh Huey Min as Director. | | |
| RESOLUTION 8 – To re-appoint Dato' Mohd Salleh Bin Ahmad as Director. | | |
| RESOLUTION 9 – To re-appoint auditors. | | |
| RESOLUTION 10 – To approve authority to issue and allot shares. | | |
| RESOLUTION 11 – 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 12 – 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 13 – To renew and to seek shareholders' mandate for Recurrent Related Party Transactions with persons connected with Dato' Zurainah Binti Musa. | | |
| RESOLUTION 14 – To renew authority for the Company to purchase its own shares. | | |
| RESOLUTION 15 – To approve the proposed retention of Heng Kiah Choong as an Independent Non-Executive Director. | | |
| RESOLUTION 16 – 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 ______________, 2017.

**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 21 November 2017 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.

Fold this flap for sealing

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

## BERJAYA TIMES SQUARE SDN BHD

**Corporate Office:**
Lot 08-16, P.O Box. 08-23
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No. 1 Jalan Imbi 55100 Kuala Lumpur
Tel : 03-2144 9821
Fax : 03-2143 3055
berjayatimessquarekl.com

## BERJAYA TIMES SQUARE THEME PARK SDN BHD

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## BERJAYA WATERFRONT SDN BHD

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Johor Darul Takzim
Tel : 07-221 8000
Fax : 07-221 9000
www.berjayawaterfront.com.my

## NATURAL AVENUE SDN BHD

**Head Office:**
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Town East, Jalan Pending
93450 Kuching
Sarawak
Tel : 082-333 666
Fax : 082-330 188
www.cashsweep.com.my

**Regional Office:**
**Kuching Regional Office**
No. 273-274, Lot 2545-2546
Centraland Commercial Park
Off Jalan Rock
93200 Kuching
Sarawak
Tel : 082-233 466
Fax : 082-233 467

**Sibu Regional Office**
No. 7, Lorong Wong King Huo 1D
96000 Sibu
Sarawak
Tel : 084-320 202
Fax : 084-320 246

**Miri Regional Office**
Lot 627, Ground Floor
Jalan Sim Chieng Kay
Off North Yu Seng Road
98000 Miri
Sarawak
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