



BERJAYA

BERJAYA SPORTS TOTO BERHAD

[Registration No. 196901000688 (9109-K)]

برجاي سפורتس توتو برحد

成功多多 博彩有限公司

20 ANNUAL REPORT





The corporate logo comprises the word BERJAYA in blue and a symbol made up of four outward-facing Bs in green with blue lining around the circumference and a blue dot in the centre.

BERJAYA means “success” in Bahasa Malaysia and reflects the success and Malaysian character of Berjaya Corporation’s core businesses. The four Bs of the symbol represent the strong foundations and constant synergy taking place within the Berjaya Corporation group of companies. Each B faces a different direction, depicting the varied strengths of the companies that make up the Berjaya Corporation group of companies.

VISION

- › To be an organisation which nurtures and carries on profitable and sustainable businesses in line with the Group’s diverse business development and value creation aspirations and interests of all its stakeholders.
- › To also be an organisation which maximizes the value of human capital through empowerment, growth and a commitment to excellence.

MISSION

We strive to generate profitable returns for our shareholders from investments in core business activities:

- › By providing direction, financial resources and management support for each operating unit;
- › Through dynamic and innovative management, teamwork and a commitment to excellence; and
- › By providing a cross-functional environment and development and upskilling opportunities for our employees to develop their full potential for both personal and professional advancements.

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CORPORATE PROFILE



A Sports Toto draw in progress.

Berjaya Sports Toto Berhad (“BToto”) was incorporated in 1969 as Unilite Electrical Industries Berhad. The Group changed its name to Far East Asset Berhad in 1987. On 31 October 1992, the Group completed its acquisition of the entire issued and paid-up share capital of 112,522,500 ordinary shares of 50 sen each in Sports Toto Malaysia Sdn Bhd (“Sports Toto”) for a purchase consideration of RM600 million through an issue of RM390.97 million 9% nominal amount of RM1.00 Redeemable Convertible Unsecured Loan Stocks 1992/97 in the Group and the balance in cash of RM209.03 million. On 17 May 1993, the Group was renamed Berjaya Sports Toto Berhad.

The core businesses of the Group are:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- motor retailing, repair & maintenance and provision of aftersales services; and
- development, manufacturing and distribution of computerised wagering and voting systems and provision of software licences and support.

The history of Sports Toto began in 1969 when it was incorporated to run the Toto betting business. It was essentially the Government’s effort to raise funds to promote and develop sports, youth and cultural activities. Sports Toto was privatised in 1985 when its Chief Executive Officer, Tan Sri Dato’ Seri Vincent Tan Chee Yioun, through his private company acquired 70% of the paid-up capital.

Sports Toto offers 8 games which are drawn 3 days a week.

In the Philippines, BToto’s subsidiary, Berjaya Philippines Inc. is listed on the Philippine Stock Exchange.

In the United Kingdom, BPI’s subsidiary, H.R. Owen Plc, operates a number of luxury vehicle dealerships in the prestige and specialist car market for both sales and aftersales, predominantly in London.

In the United States of America (“U.S.A.”), BToto’s subsidiary, International Lottery & Totalizator Systems, Inc. provides computerised wagering equipment and systems to the online lottery and pari-mutuel racing industries worldwide and its wholly-owned subsidiary, Unisyn Voting Solutions, Inc. manufactures and distributes voting systems and machines to voting jurisdictions in the U.S.A.

The Group has a total employee strength of 1,367 as at 30 June 2020.

Sports Toto’s financial growth over the past 34 years after its privatisation in 1985 is highlighted below:

	30/6/2020 (Million)		31/12/1985 (Million)		34 Years’ Annualised Increase (%)
	RM	USD	RM	USD	
Revenue	2,466.6	575.8	76.0	21.3	92.5
Pre-tax Profit	258.2	60.3	5.0	1.4	148.9
Equity Funds	223.0	52.1	1.0	0.3	652.9
Total Assets	1,220.1	284.8	12.7	3.6	279.6

Exchange rate as at 30 June 2020 : US\$1.00 : RM4.2835

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Tan Sri Dato' Seri Tan Kok Ping

Chief Executive Officer

Nerine Tan Sheik Ping

Executive Director

Seow Swee Pin

Non-Independent/Non-Executive Director

Chan Kien Sing

Independent/Non-Executive Directors

Datuk Robert Yong Kuen Loke

Dato' Oon Weng Boon

AUDIT COMMITTEE

Chairman/Independent Non-Executive Director

Dato' Oon Weng Boon

Independent/Non-Executive Director

Datuk Robert Yong Kuen Loke

Non-Independent/Non-Executive Director

Tan Sri Dato' Seri Tan Kok Ping

SECRETARIES

Tham Lai Heng Michelle (MAICSA No. 7013702)
(SSM PC No. 202008001622)

Wong Siew Guek (MAICSA No. 7042922)
(SSM PC No. 202008001490)

Teo Soh Fung (MAICSA No. 7046614)
(SSM PC No. 202008001818)

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 10-04A & 10-04B
Level 10 (West Wing)
Berjaya Times Square
No. 1 Jalan Imbi
55100 Kuala Lumpur
Tel : 03 - 2145 0533
Fax : 03 - 2145 9702

AUDITORS

Messrs Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Market

STOCK SHORT NAME

BJTOTO (1562)

PLACE OF INCORPORATION AND DOMICILE

Malaysia

PROFILE OF DIRECTORS



TAN SRI DATO' SERI TAN KOK PING

**CHAIRMAN
NON-INDEPENDENT/NON-EXECUTIVE DIRECTOR**

AGE	NATIONALITY	GENDER
73	MALAYSIAN	MALE

He was appointed to the Board on 1 August 2018 as the Chairman. He graduated with a Bachelor Degree in Commerce from Nanyang University Singapore.

He has more than 40 years of experience in various business sectors which include property development, manufacturing of consumer electronics, garment, corrugated and plastic packaging products.

He was previously the Managing Director and Deputy Chairman of the Company from 1992 to 2001. He had also served as Non-Executive Chairman of Berjaya Retail Berhad before it was privatised and delisted from Bursa Malaysia Securities Berhad, Chairman of Penang Joint Chambers of Commerce and Deputy President of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

Currently, he is the Executive Chairman of Magni-Tech Industries Berhad ("Magni") and he is also a major shareholder of Magni.

He also sits on the Board of a subsidiary of Berjaya Land Berhad as well as in several other private limited companies.

He is the Life Honorary President and former President of Penang Chinese Chamber of Commerce.

Tan Sri Dato' Seri Tan Kok Ping is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.



NERINE TAN SHEIK PING

NON-INDEPENDENT/CHIEF EXECUTIVE OFFICER

AGE	NATIONALITY	GENDER
44	MALAYSIAN	FEMALE

She was appointed to the Board on 1 January 2016 as an Executive Director and subsequently appointed as the Chief Executive Officer of the Company on 1 June 2018. She graduated with a Bachelor of Science degree in Management (Second Class Honours) from the London School of Economics in 1998.

She has more than 20 years of experience in sales, marketing and business development in several operations. She started work as a Business Development Manager at Cosway (M) Sdn Bhd from January 1999 to September 2002, and was mainly responsible for overseeing the sales and marketing of Cosway products. From September 2000 to March 2003, she was appointed as an Executive Director of eCosway Sdn Bhd to oversee the development of eCosway website with a software developer.

In addition, she was also appointed as Vice President in the Marketing division of Berjaya Hotels & Resorts (M) Sdn Bhd ("BHRM") in January 1999 and was appointed as an Executive Director of Berjaya Hotels & Resorts (Singapore) Pte Ltd from January 2005 until her resignation in April 2009. During her tenure at BHRM, she was overseeing the sales and marketing functions and development of spa management for different resorts.

In February 2007, she was appointed as the General Manager (Sales & Marketing) of Sports Toto Malaysia Sdn Bhd ("Sports Toto") and was subsequently promoted as an Executive Director of Sports Toto in April 2010.

Currently, she is an Executive Director of Berjaya Corporation Berhad, Berjaya Land Berhad and Berjaya Group Berhad. She also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

Her father, Tan Sri Dato' Seri Vincent Tan Chee YOUNG is a major shareholder of the Company.

PROFILE OF DIRECTORS



SEOW SWEE PIN

NON-INDEPENDENT/ EXECUTIVE DIRECTOR

AGE	NATIONALITY	GENDER
63	MALAYSIAN	MALE

He was appointed to the Board on 17 December 2007 as an Executive Director. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He worked with Ernst & Young from 1976 to 1984 where he last held the position of an Audit Manager.

Between 1984 and 1990, he held senior management positions in several major public listed groups. He joined Berjaya Group in 1991 and was subsequently appointed as General Manager (Finance) of Sports Toto Malaysia Sdn Bhd in 1993. He was promoted to Senior General Manager in 1996 and Executive Director in 2008.

Currently, he is also Chairman of Berjaya Philippines Inc. and Philippine Gaming Management Corporation and a Director of several other private limited companies.

Seow Swee Pin is a member of the Risk Management Committee and the Sustainability Committee of the Company.



CHAN KIEN SING

NON-INDEPENDENT/NON-EXECUTIVE DIRECTOR

AGE	NATIONALITY	GENDER
64	MALAYSIAN	MALE

He was appointed to the Board on 1 December 1992. He is a member of The Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. Having articulated with Messrs Peat Marwick Mitchell (now known as KPMG) from 1975 to 1981, he subsequently joined Arab-Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad) specialising in corporate finance until his departure in 1989. He joined Berjaya Group Berhad in 1989 until his retirement as an Executive Director on 31 January 2017 and is currently a Non-Independent Non-Executive Director of the Company.

Currently, he is a Director of Berjaya Corporation Berhad, Berjaya Assets Berhad, 7-Eleven Malaysia Holdings Berhad and Berjaya Media Berhad. He also holds directorships in several other private limited companies.

PROFILE OF DIRECTORS



DATUK ROBERT YONG KUEN LOKE
INDEPENDENT/NON-EXECUTIVE DIRECTOR

AGE	NATIONALITY	GENDER
68	MALAYSIAN	MALE

He was appointed to the Board on 1 December 1992 and is the Senior Independent Director to whom concerns relating to the Company and the Group can be conveyed. He is a Fellow member of The Institute of Chartered Accountants in England and Wales, and a member of The Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants. He is also a Council Member of the Malaysian Institute of Certified Public Accountants and presently serves as a member of its Executive Committee. He has many years of working experience in the fields of accounting, audit, treasury and financial management. He started his career in London in 1973 and worked there for more than five years with chartered accounting firms. Subsequently, he was with Price Waterhouse, Singapore from 1979 to 1982. From 1983 to 1986, he served as the Group Finance Manager in UMW Holdings Berhad and Group Treasurer in Edaran Otomobil Nasional Bhd. He joined Berjaya Group of companies in 1987 until his retirement as an Executive Director on 30 November 2007 and is currently an Independent Non-Executive Director of the Company.

He is also a Director of Berjaya Corporation Berhad, Berjaya Land Berhad, Berjaya Assets Berhad and Berjaya Media Berhad.

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

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 conviction 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.



DATO' OON WENG BOON
INDEPENDENT/NON-EXECUTIVE DIRECTOR

AGE	NATIONALITY	GENDER
51	MALAYSIAN	MALE

He was appointed to the Board on 27 February 2014 as an Independent Non-Executive Director. He graduated with a Bachelor of Science (Honours) degree in Physics from University of Science Malaysia.

Upon graduation in 1994, he started his career in real estate at Henry Butcher Lim & Long (North) Sdn Bhd and was with them for six years as a Marketing Manager. During his tenure at Henry Butcher, he had gained solid foundation and knowledge in the property industry that are exclusive and localized according to various geographical areas.

Geared with vast hands-on experience, he went into property development in 2001 and he has acquired more than 15 years of experience in the management and operations of several companies involve in the property development and construction industry.

He is also a Vice President (2018-2021) for Penang Chinese Chamber of Commerce ("PCCC") and Advisor to PCCC, Young Entrepreneur Section (2018-2021). At the national level, he has been appointed as the Deputy Chairman of the Associated Chinese Chamber of Commerce Malaysia Public Relations Committee ("ACCCIM") (2018-2021) and Advisor to the Young Entrepreneur Committee (2018-2021).

Dato' Oon Weng Boon is the Chairman of the Audit Committee and the Remuneration Committee as well as a member of the Nomination Committee, the Risk Management Committee and the Sustainability Committee of the Company.

KEY SENIOR MANAGEMENT

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

AGE	NATIONALITY	GENDER
68	MALAYSIAN	MALE

**Managing Director/
Chief Executive Officer of Sports Toto
Malaysia Sdn Bhd**

Date of appointment: 5 December 1988

He is a businessman and entrepreneur with more than four decades of entrepreneurial experience and has diverse interests in property development and investment, gaming, lottery management, stockbroking, motor distribution, retailing, trading, hospitality, internet-related businesses, environmental and utilities, media, food and beverage, telecommunications, insurance and education through various public and private companies, namely, Berjaya Corporation group of companies, Berjaya Media Berhad, Berjaya Assets Berhad, 7-Eleven Malaysia Holdings Berhad, Berjaya Retail Sdn Bhd, Intan Utilities Sdn Bhd, U Mobile Sdn Bhd and MOL Ventures Pte Ltd.

Currently, he is the Executive Chairman of Berjaya Corporation Berhad and Berjaya Times Square Sdn Bhd, and Chairman of Berjaya Capital Berhad, U Mobile Sdn Bhd and Cosway (M) Sdn Bhd. He is also the Managing Director/CEO of Sports Toto Malaysia Sdn Bhd. He also holds directorships in several other private limited companies and also in Berjaya Corporation group of companies.

His daughter, Nerine Tan Sheik Ping is the Chief Executive Officer of Berjaya Sports Toto Berhad.

CHOO VEH KEN

AGE	NATIONALITY	GENDER
47	MALAYSIAN	MALE

**Chief Executive Officer
H.R. Owen Plc**

Date of appointment: 15 February 2017

He holds a Bachelor of Commerce Degree with majors in Accounting and Economics from Deakin University, Australia. He is a member of the Malaysian Institute of Accountants and a member of CPA Australia. He has more than 25 years of experience in financial management, accounting and administration experience.

As H.R. Owen Plc CEO since February 2017, he oversees operations of 16 luxury automotive dealerships and 15 automotive aftersales sites across the United Kingdom, as well as services businesses such as H.R. Owen Insurance.

H.R Owen Plc was awarded Global Dealer of the Year for its Rolls-Royce and Ferrari operations, and its Lamborghini showroom is one of the most successful in the world. In 2019 H.R. Owen Aston Martin Cheltenham won the Aftersales Award for Excellence and H.R. Owen Jack Barclay was named Bentley Bodyshop of the Year.

KEY SENIOR MANAGEMENT

JEFFREY M. JOHNSON

AGE	NATIONALITY	GENDER
59	AMERICAN	MALE

President and Director - International Lottery & Totalizator Systems, Inc.

President and Director - Unisyn Voting Solutions, Inc.

Date of Appointment: 1 January 2007

He was appointed as President of International Lottery & Totalizator Systems, Inc. ("ILTS") and President of Unisyn Voting Solutions ("Unisyn"), a wholly owned subsidiary of ILTS, on 1 January 2007.

He has degrees and certificates in Business Management and Electronics Engineering from Palomar College and Coleman College in San Diego, California, U.S.A.

He began his career with ILTS as a Field Service Engineer in May 1984. During his 36 plus years with the organization, he served as Manager of Field Engineering from 1989-2002. From there, he was promoted to Director of Technical Operations in October of 2002 and oversaw all technical departments of the company including software and hardware engineering, purchasing, logistics, manufacturing and field engineering/customer service.

During his tenure with ILTS, he has been integral in the successful startup of lottery and totalizator operations in Malaysia, Vietnam, the Philippines, Singapore, Australia, the United Kingdom, India, Brazil, Sweden, Norway and Finland.

In 2001, he was an integral part in managing the software and hardware development and design of the voting products of Unisyn. Since his appointment as President in January 2007, he has led and grown the voting business from one county user to over 250 county users in the United States.

He presently serves on the Board of Directors of both ILTS and Unisyn.

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

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

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Berjaya Sports Toto Berhad ("BToto"), I am pleased to present to you the Annual Report and Financial Statements for the financial year ended 30 June 2020.

FINANCIAL RESULTS

For the financial year under review, the Group registered a revenue of RM4.6 billion and pre-tax profit of RM226.8 million. The revenue registered was mainly attributed to revenue from Sports Toto Malaysia Sdn Bhd ("Sports Toto") and H.R. Owen Plc ("H.R. Owen"). The Group's results were negatively impacted by the COVID-19 pandemic leading to the implementation of lockdown measures by various countries which affected the operations of its main subsidiaries. Sports Toto cancelled 40 draws from 18 March 2020 to 16 June 2020 upon the imposition of the Movement Control Order ("MCO") by the Malaysian Government, and only resumed operations on 17 June 2020. H.R. Owen shut down its operations for more than 2 months in compliance with the United Kingdom ("UK") government's lockdown order from 23 March 2020 to 31 May 2020.

DIVIDEND

For the financial year ended 30 June 2020, the Board has approved three interim dividends comprising cash dividend of 8 sen per share and a share dividend on the basis of one (1) treasury share for every 100 existing ordinary shares (equivalent to a dividend of approximately 2.4 sen per share based on the treasury shares book cost). The total dividend distribution for the financial year under review was approximately 10.4 sen per share, amounting to RM139.5 million, representing about 105.1% of the attributable profit of the Group for the financial year ended 30 June 2020.



Reception area of the Claim Centre located at Sports Toto headquarters in Berjaya Times Square.

FUTURE PROSPECTS

Malaysia's Gross Domestic Product ("GDP") recorded a contraction of 17.1% in the second quarter of 2020. Bank Negara Malaysia revised its GDP growth forecast for 2020 to between -3.5% to -5.5%, mainly due to changes in world growth forecasts and the unprecedented length of the MCO. However, a growth range of between 5.5% and 8% for 2021 is forecasted with the gradual normalisation in economic activities.

The financial year under review was challenging for Sports Toto with the unprecedented COVID-19 pandemic resulting in the closure of its operations for 3 months from 18 March 2020 to 16 June 2020 and the cancellation of 40 draws.



Bentley Continental GTC distributed by H.R. Owen

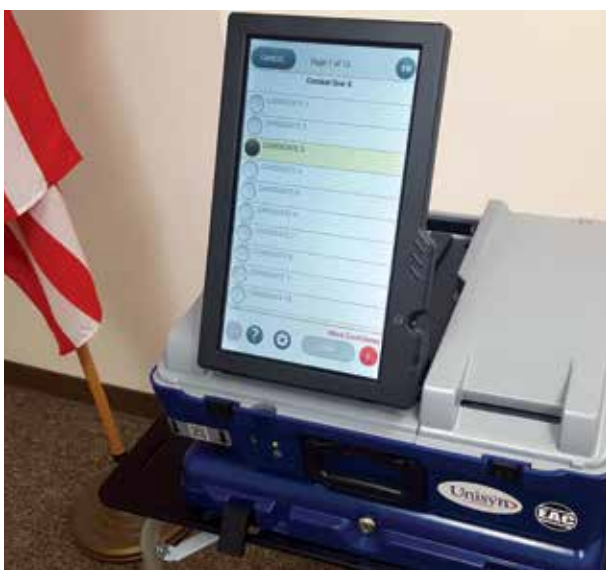
EXECUTIVE CHAIRMAN'S MESSAGE

Nevertheless, during the financial year under review, Sports Toto created a total of 35 millionaires and paid a total amount of RM341 million as jackpot prizes from its four jackpot games - Toto 4D Jackpot, Star Toto 6/50, Power Toto 6/55 and Supreme Toto 6/58. The Toto 4D Jackpot created numerous lucky winners who are enjoying their new-found wealth with prize monies ranging from RM1.0 million to RM41.4 million.

Amidst the challenging conditions during the financial year under review, Sports Toto has maintained its position as the market leader among all the Number Forecast Operators ("NFOs") in the country in terms of total revenue. The company is cautiously optimistic that its business will remain resilient as it had during past economic crises and turbulent periods and is confident that it will continue to maintain its market share in the NFO business for the upcoming financial year.

In the UK, H.R. Owen remains cautiously optimistic about the future prospects of the company. The company continues to be dependent on high volumes of new car sales to allow its business to make a healthy return post COVID-19. H.R. Owen will continue to further improve its business operations to generate revenue growth.

In the United States of America ("U.S.A."), International Lottery & Totalizator Systems, Inc. ("ILTS") will continue to grow its market share and maintain competitiveness by exploring new and emerging technologies. ILTS will also capitalize on strategic alliances to gain access to new and tactically important geographical and business opportunities.



Unisyn's OpenElect® FreedomVote® Tablet ("FVT") is a tablet-based voting device for use in elections in a county in the U.S.A. It has state of the art features that offers a sophisticated text to speech engine and can present the ballot in all languages provided by the jurisdiction.



Sports Toto poster of the RM41.45 million Supreme Toto 6/58 jackpot win.

APPRECIATION

On behalf of the Board, I wish to convey our heartfelt appreciation to our customers, shareholders, business associates, financiers, analysts, members of the media, government authorities and other stakeholders for their continued support, cooperation and assistance, especially during these challenging times.

The Board is also pleased to acknowledge and thank the management, employees and agents for continuously serving the Group with dedicated effort and commitment.

Last but not least, my personal thanks to my fellow colleagues on the Board for their commitment, active participation and contribution, and I look forward to your continued support in the financial year 2021.

TAN SRI DATO' SERI TAN KOK PING

Chairman

9 October 2020

主席报告

本人谨代表成功多多博彩有限公司(“成功多多博彩”)董事部，欣然向各位提呈截至2020年6月30日财政年的年度报告及财务报告。

业绩

在检讨中的财政年，本集团分别录得总值46亿令吉的营收，以及总值2亿2680万令吉的税前盈利。所录得的总营收主要来自多多博彩马来西亚私人有限公司(“多多博彩”)和H.R. Owen公司(“H.R. Owen”)的营收贡献。本集团的业绩因世界各国纷纷落实锁国政策，而受到了负面影响，连带影响了旗下主要子公司的营运。随着我国政府落实行动管制令(“MCO”)，多多博彩从2020年3月18日至6月16日，一共取消了40次的开彩，直至2020年6月17日才恢复营业。因应英国政府在2020年3月23日至5月31日期间落实封城令，H.R. Owen亦暂停营业超过2个月。

股息

在截至2020年6月30日的财政年中，董事部批准派发了3次中期股息，包括每股8仙的现金股息以及每持有100股普通股可获送1股库存股的股息分红(根据库存股账面成本计算，则相等于每股约2.4仙的股息)。在检讨中的财政年，本集团一共派发每股约10.4仙的股息，总价值达至约1亿3950万令吉，相等于本集团在截至2020年6月30日的财政年中，约105.1%的可分派盈利。

未来展望与前景

我国的国内生产总值(“GDP”)在2020年次季下滑17.1%。国家银行针对2020年调整其经济成长预测，即全年萎缩3.5%至5.5%，主要是因为全球经济成长预测已有所变动，以及为期空前漫长的MCO之缘故。然而，随着经济活动逐步恢复正常，预计2021年的全年经济将成长5.5%至8%。



位于新山的多多博彩概念店。

基于空前的新冠肺炎疫情，多多博彩被迫暂停营业长达3个月，即为期2020年3月18日至6月16日，并且一共取消了40次的开彩，进而导致该公司在检讨中的财政年面临极大的挑战。

尽管如此，在检讨中的财政年，多多博彩旗下4项积宝游戏——多多万字积宝、星运多多六合彩(6/50)、至尊多多六合彩(6/55)和好运多多六合彩(6/58)合共派出了总值3亿4100万令吉的积宝奖金，并一共缔造了35位百万及千万富翁。当中，多多万字积宝游戏令多位幸运儿成为赢家，让后者开心抱走总值100万至4140万令吉不等的奖金。

尽管检讨中的财政年极具挑战，惟多多博彩仍凭总营收，持续领先国内其他测字业者。该公司保持谨慎乐观，相信其业务仍像在过去的经济危机及动荡时期那般深具韧性，并且有信心在接下来的财政年中持续维持其在测字业的市占率。



新颖的蓝宝坚尼展厅。

在英国，H.R. Owen对公司的未来前景也保持谨慎乐观的态度。该公司将持续依赖新车的高销量，以期业务能在新冠肺炎疫情结束后获得正面改善。H.R. Owen将持续在营运方面进一步作出改善，以取得营收成长。

在美国，国际博彩与赛马测彩系统有限公司(International Lottery & Totalizator Systems Inc.) (“ILTS”)将持续探索崭新及新兴科技，以扩大其市占率并保持竞争力。ILTS也会借助策略性结盟关系，以期取得崭新及具有策略意义的地域性与商业机会。

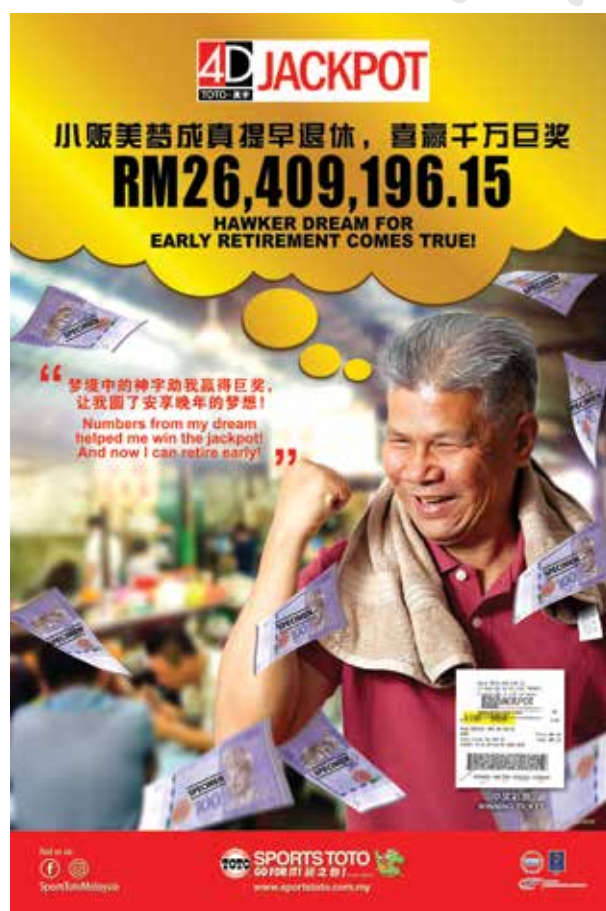


选民们使用Unisyn的OpenElect®数码光学扫描系统(OVO)进行投票。OVO是一个全面和安全的选区计数数码扫描选票仪器。

感谢

本人谨代表董事部，向所有客户、股东、来往商家、融资机构、分析员、媒体朋友、政府监管单位和其他单位致上诚挚的谢意，感谢大家在这个充满挑战的时期持续给予鼎力支持、合作和协助。

董事部也在此深深感谢并赞扬管理层、员工和代理们一整年来的献身精神和敬业乐业的态度。



多多博彩中奖海报—总值逾2640万令吉的多多万字积宝首奖奖项被赢取。

最后，本人也要借此机会感谢诸位董事部成员的积极参与和为董事部作出贡献，并冀望他们继续在2021财政年给予支持。

丹斯里拿督斯里陈国平

主席

2020年10月9日

GROUP FINANCIAL SUMMARY

Description	2020 USD'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	1,082,214	4,635,664	6,693,389	5,665,331	5,731,396	5,563,227
Profit Before Tax	52,951	226,816	394,262	381,858	376,141	445,658
Profit For The Year / Period	31,214	133,705	229,963	241,484	246,707	318,092
Non-Controlling Interests	(235)	(1,008)	(3,115)	(8,286)	(9,576)	(9,452)
Profit Attributable To Owners Of The Parent	30,979	132,697	226,848	233,198	237,131	308,640
Share Capital	31,540	135,103	135,103	135,103	135,103	135,103
Reserves	148,219	634,896	598,649	623,905	654,820	641,859
Equity Funds	179,759	769,999	733,752	759,008	789,923	776,962
Treasury Shares	(7,509)	(32,165)	(12,320)	(12,320)	(10,061)	(10,061)
Net Equity Funds	172,250	737,834	721,432	746,688	779,862	766,901
Non-Controlling Interests	12,013	51,458	53,531	55,091	44,232	73,956
Total Equity	184,263	789,292	774,963	801,779	824,094	840,857
Non-Current Liabilities	61,943	265,331	21,678	26,789	20,473	21,309
Borrowings	281,908	1,207,553	1,120,873	1,156,671	1,143,000	1,151,323
Other Current Liabilities	150,996	646,791	749,157	644,369	617,678	642,621
Total Equity And Liabilities	679,110	2,908,967	2,666,671	2,629,608	2,605,245	2,656,110
Property, Plant & Equipment and Right-of-use Assets	121,064	518,577	191,538	183,036	214,658	217,226
Intangible Assets	161,385	691,292	688,601	768,916	788,150	789,537
Investments and Other Non-Current Assets	87,384	374,311	361,530	355,478	308,962	273,685
Current Assets	309,277	1,324,787	1,425,002	1,322,178	1,293,475	1,375,662
Total Assets	679,110	2,908,967	2,666,671	2,629,608	2,605,245	2,656,110
Net Assets Per Share (Cents/Sen)	12.88	55.17	53.56	55.43	57.85	56.89
Net Earnings Per Share (Cents/Sen)	2.30	9.87	16.84	17.31	17.59	22.88
Dividend Rate Per Share (Cents/Sen)	2.43	10.40**	16.00	16.00	14.00	19.00*
Net Dividend Amount (USD'000/RM'000)	32,572	139,524^^	215,520	215,520	188,716	255,160^

Notes:

Where additional shares are issued, the earnings per share is calculated based on a weighted average number of shares in issue with voting rights.

Exchange rate as at 30 June 2020 : US\$1.00 : RM4.2835

* This figure included a share dividend of 2.5 sen per share.

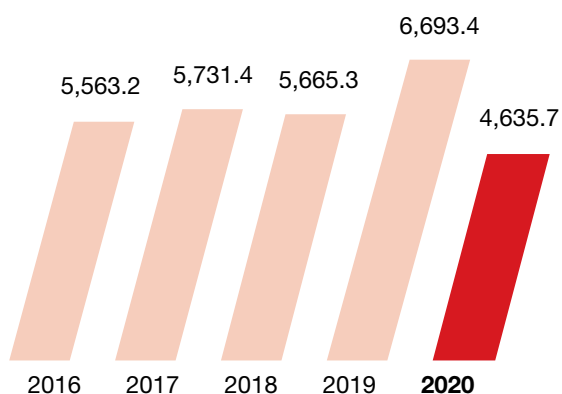
^ The dividend amount included share dividend based on treasury shares book cost of RM32.9 million.

** This figure included a share dividend of 2.4 sen per share.

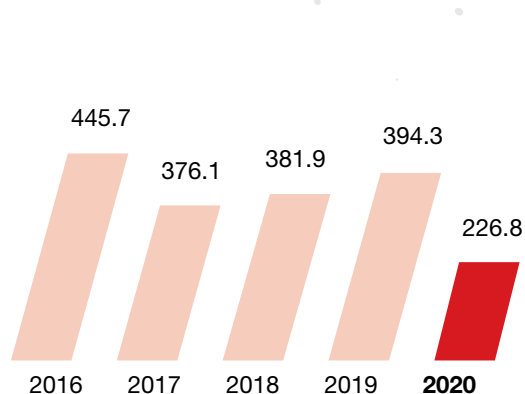
^^ The dividend amount included share dividend based on treasury shares book cost of RM31.8 million.

GROUP FINANCIAL HIGHLIGHTS

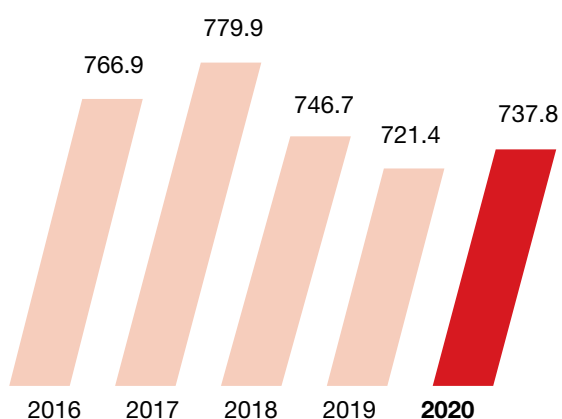
REVENUE (RM' Million)



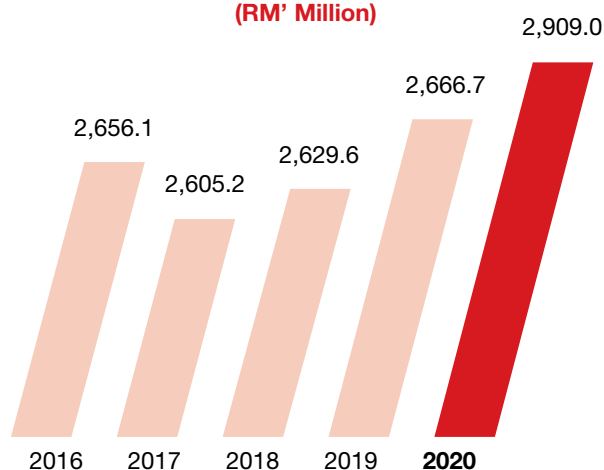
PROFIT BEFORE TAX (RM' Million)



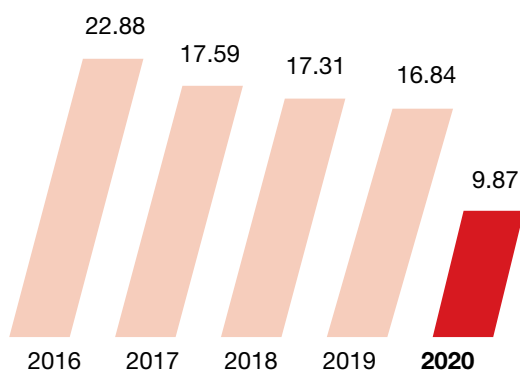
NET EQUITY FUNDS (RM' Million)



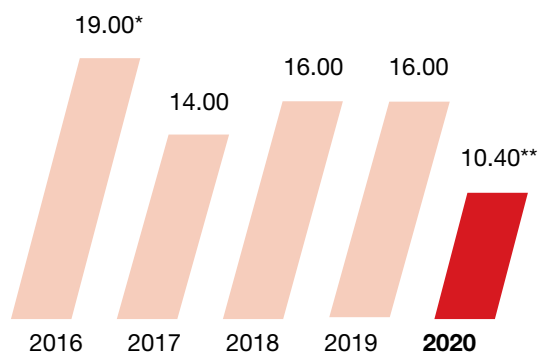
TOTAL ASSETS (RM' Million)



NET EARNINGS PER SHARE (Sen)



DIVIDEND RATE PER SHARE (Sen)



* This figure included a share dividend of 2.5 sen per share.

** This figure included a share dividend of 2.4 sen per share.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Berjaya Sports Toto Berhad ("BToto") has three main operating subsidiary companies, namely Sports Toto Malaysia Sdn Bhd ("Sports Toto"), H.R. Owen Plc ("H.R. Owen"), and International Lottery & Totalizator Systems, Inc. ("ILTS"). The core businesses of the Group are operations of Toto betting, luxury motor retailing in the United Kingdom ("UK") as well as manufacturing, distribution of computerised wagering and voting systems and provision of software licences and support.

The previous financial period consists of 14 months as BToto changed its financial year end from 30 April 2019 to 30 June 2019. The current financial statements are prepared for a period of 12 months from 1 July 2019 to 30 June 2020. As a result, the comparative financial performance reported which was prepared for a period of 14 months, are not comparable.

MALAYSIA

Sports Toto, the principal operating subsidiary of BToto, has approximately 680 outlets operating throughout the country, offering 8 games namely Toto 4D, Toto 4D Jackpot, Toto 4D Zodiac, Toto 5D, Toto 6D, Star Toto 6/50, Power Toto 6/55 and Supreme Toto 6/58 which are drawn three days a week.

For the financial year ended 30 June 2020, Sports Toto recorded revenue of RM2.47 billion. The previous 14-month financial period revenue was RM3.64 billion. The lower revenue in this financial year under review was due to the COVID-19 pandemic which resulted in a cancellation of 40 draws during the Movement Control Order ("MCO") period which commenced from 18 March 2020 to 16 June 2020. Prior to the MCO period, Sports Toto registered a robust growth of 8.5% in average sales per draw compared to the previous financial period. Upon recommencement of operation on 17 June 2020, Sports Toto only conducted six draws in June 2020.

Sports Toto continued to remain as the market leader among all the Number Forecast Operators ("NFO") in the country in terms of total revenue for the financial year under review.

Profit before tax for the financial year under review was RM258.2 million while it reported profit before tax of RM453.3 million in the previous 14-month financial period. This was mainly due to lower revenue generated from a reduction of draws coupled with unavoidable fixed operating costs incurred during the MCO period in the financial year under review.

Sports Toto anticipates a slower pace to recovery as the business environment was significantly impacted by economic closures and new social practices during the COVID-19 pandemic. The company is cautiously optimistic that its business will remain resilient as it had during past economic crises and turbulent periods. Sports Toto is optimistically confident that it will continue to maintain its market share in the NFO business for the upcoming financial year 2021.

Sports Toto attained the World Lottery Association Security Control Standard:2016 (WLA-SCS:2016) certification and the Information Security Management System standard ISO/IEC 27001:2013 in December 2019. Both certifications are leading internationally recognised security standards for information security management system (ISMS) incorporating lottery specific security and integrity control.

In line with this certification, Sports Toto had also been accorded the Certificate of Accreditation in Level 2 of the WLA Responsible Gaming Framework in June 2020. The group is committed in its efforts to educate the public on the negative social impact of illegal gaming and to engage the authorities in combating illegal gaming.

THE UNITED KINGDOM

In the UK, H.R. Owen, a subsidiary of Berjaya Philippines Inc. ("BPI"), is a luxury motor retailer which operates a number of vehicle dealerships in the prestige and specialist car market for both sales and aftersales, predominantly in London.

For the financial year ended 30 June 2020, H.R. Owen recorded revenue of £388.7 million. A total of 1,058 new prestige cars and 1,472 pre-owned cars were sold in the financial year under review. H.R. Owen posted revenue of £532.0 million in the previous financial period with 1,646 new prestige cars and 1,435 pre-owned cars sold in the 14-month period ended 30 June 2019.

H.R. Owen registered a profit before tax of £1.9 million for the financial year ended 30 June 2020. H.R. Owen's performance was negatively impacted as its operation was shut down for more than 2 months in compliance with the UK government's lockdown order to contain the COVID-19 pandemic during the period from 23 March 2020 to 31 May 2020. The company recorded profit before tax of £8.3 million in the previous financial period ended 30 June 2019.

H.R. Owen remains cautiously optimistic about the future prospects of the company. The uncertainty over Brexit may threaten consumer spending, and will no doubt be on the minds of car buyers in the UK. The company continues to be dependent on high volumes of new car sales to allow its business model to make a healthy return, as the cost of operating in one of the most expensive cities in the world remains very high. However, H.R. Owen is particularly sensitive to any deterioration in trading conditions, especially when this is combined with a lack of new model introductions. Nevertheless, H.R. Owen's main franchises performed robustly and the Bentley, Bugatti, Ferrari, Lamborghini and Rolls-Royce London operations retained their position as the UK's largest dealer outlets for the supply of new cars.

THE UNITED STATES OF AMERICA

In the United States of America ("U.S.A."), ILTS provides computerised wagering equipment and systems to the online lottery and pari-mutuel racing industries worldwide. ILTS also has a voting business segment operated through Unisyn Voting Solutions, Inc. ("Unisyn") which develops and markets the OpenElect® digital optical scan election system to election jurisdictions. The OpenElect® election system is the only digital optical scan voting system built with Java on a streamlined and hardened Linux platform.

ILTS's revenue and profit before tax for the financial year ended 30 June 2020 were higher compared to the annualised 14-month financial period ended 30 June 2019.

During the financial year, ILTS delivered additional lottery terminals to Berjaya Gia Think Investment Technology Joint Stock Company ("BGT") in Vietnam. In addition, ILTS provided BGT with new games and technical support. BGT has an exclusive contract to invest in and operate a nationwide computerised lottery in Vietnam under a business cooperation contract with Vietnam Computerised Lottery One Member Company Limited, a Vietnamese Ministry of Finance company. ILTS also provided associated services and technical support to Sports Toto, Philippine Gaming Management Corporation, Ab Trav Och Galopp and Natural Avenue Sdn. Bhd.

For its voting business segment, Unisyn reported additional sales of its OpenElect® digital optical scan voting system and products through its authorised sales representatives and its own direct sales efforts to counties in various states in the U.S.A. Unisyn currently has more than 15,000 OpenElect® voting systems and products installed and used in the elections in more than 250 counties throughout the states of Arizona, Illinois, Indiana, Iowa, Kansas, Missouri, Ohio, Pennsylvania, Tennessee, Utah and Virginia. Counties in these states will use the OpenElect® voting systems and machines in the November 2020 Presidential election.

Over the years, ILTS has provided lottery systems, quality support, and more than 65,000 terminals to organisations in more than 20 countries. ILTS offers a full spectrum of lottery products and services, including computerised wagering system software, instant ticket management, agent terminals, data communications, consulting, training, facilities management and maintenance support.

ILTS will continue to explore new and emerging technologies, with the intention to increase its market share and maintain its competitiveness in the computerised wagering and voting sectors. One of the corporate strategies of ILTS is to pursue growth through strategic alliances to gain access to new and tactically important geographical and business opportunities, and to capitalize on its existing business relationships.

BTOTO AS A GROUP

Liquidity and Financial Resources

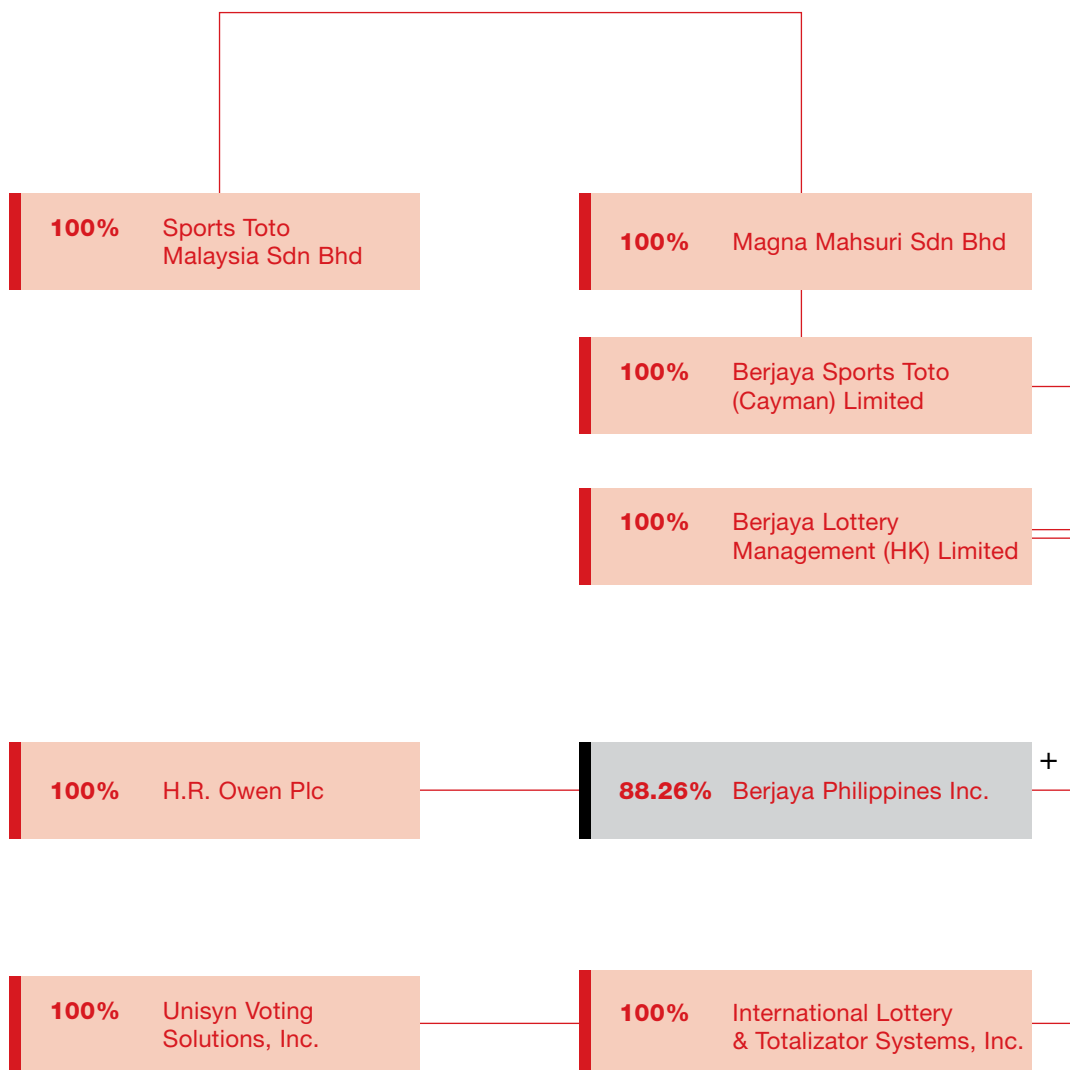
The Group retained cash and cash equivalents of RM305.0 million as at 30 June 2020 (2019: RM429.5 million) with a current ratio of 1.22 times in the financial year under review (2019: 1.28 times). The drop in current ratio was mainly attributed to the lower current assets as at 30 June 2020 as the operations of the main subsidiary companies were affected by the lockdown imposed by the various governments to curb the spread of COVID-19 pandemic.

BToto's total indebtedness as at 30 June 2020, comprising borrowings, vehicle stocking loans and hire purchase payables was RM1.21 billion (2019: RM1.12 billion) due to higher borrowings as at 30 June 2020. The Group's gearing ratio in the financial year under review was 1.53 times while it was 1.45 times in 2019.

CORPORATE STRUCTURE

of main subsidiary companies as at 1 October 2020

BERJAYA SPORTS TOTO BERHAD



■ Listed Company

+ Combined Interest

SUSTAINABILITY STATEMENT

1. REPORTING PROFILE AND SCOPE

The Berjaya Sports Toto Berhad (“BToto” or “the Group”) sustainability statement for the financial year ended 30 June 2020 is prepared in accordance with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The information available in this section focuses primarily on the operations and management of economic, environmental and social sustainability of the Group for the financial year ended 30 June 2020. The information and data contained herein were derived from internal reporting processes, systems and records and are guided by Bursa Securities’ Sustainability Reporting Guide and Toolkits.

This statement on sustainability represents a reasonable view of BToto’s economic, environmental and social sustainability practices with key material aspects being taken into consideration. It is mainly focused on the operations of its principal subsidiary in Malaysia, Sports Toto Malaysia Sdn Bhd (“Sports Toto”), of which it has significant operational control. It also covers BToto’s business operations in the Philippines and United Kingdom.

2. APPROACH TO SUSTAINABILITY

BToto continued to strive to conduct its business operations according to pragmatic principles and sustainable practices with a long-term sustainability strategy comprising 3 main aspects:-



BToto pursues sustainability goals according to the following sustainability principles:-



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

The COVID-19 pandemic has brought about significant disruptions affecting almost all sectors of economies across the globe. The various lockdown measures implemented by governments around the world to contain the spread have led to various levels of business suspension. With the emergence of the COVID-19 pandemic, sustainability issues are gaining more importance in the decision making of the various stakeholder groups. During this challenging period of uncertainties, the Group has faced disruptive changes to its business operations with significant impacts across the three main aspects of the Group’s sustainability pillars – economic, environmental and social. Whilst several key activities planned for the year were halted during this period, the Group has nevertheless implemented various initiatives to ensure business continuity in the new normal and remains compliant to the rules and regulations set by the local governments to safeguard the well-being of its employees and the various stakeholder groups.

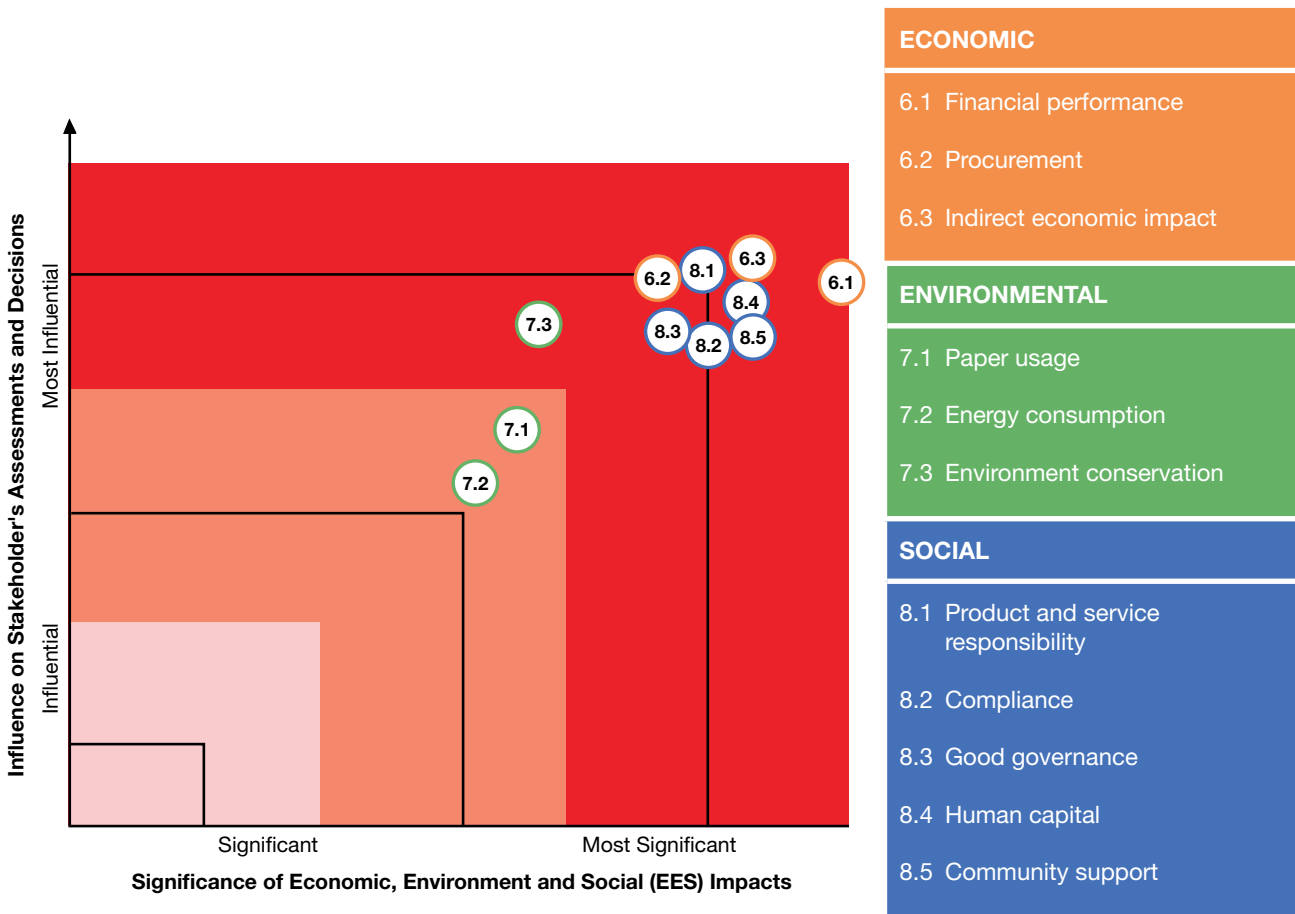
3. MATERIALITY

Determining materiality aids the Group in identifying and categorizing prevalent issues to focus its efforts on and chart its direction in sustainability. Material issues are defined as elements that are expected to have a significant effect on and are related to the Group’s various stakeholders.

SUSTAINABILITY STATEMENT

An annual materiality assessment is a pivotal part of the Group’s approach to sustainability as it aids the Group in identifying the significant impact of economic, environmental, social, human capital and community factors towards the sustainability of its businesses. The materiality assessment for the Group was conducted by engaging with the relevant stakeholders which resulted in the identification of 11 material issues that impact the sustainability of the Group. The 11 material issues identified were mapped to the relevant sustainability pillars as illustrated below.

BToto’s Materiality Matrix and Sustainability Pillars



The Materiality Matrix displays the position of the 11 material issues relative to the degree of importance to the Group’s business operation and its stakeholders. The Group strives to review the Materiality Matrix on an annual basis.

4. STAKEHOLDER ENGAGEMENT

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

In line with this belief, the Group established a series of engagement initiatives with various stakeholders through the respective operating divisions. The input and perspectives gathered from all the relevant stakeholders specialised in their respective fields have been beneficial for the long-term collaboration with the stakeholders, and also the development of the Group's business strategy and operations in respect of the trends, impacts, risks and also opportunities that the Group has to take into account. While being open to the varied viewpoints, the Group remains flexible and agile in responding to the recommendations.

STAKEHOLDER ENGAGEMENT

Government and Regulators



Meetings with the regulators on policy matters, issues and concerns arising from the changing operating environment as well as matters that concern the customers and the general public.

Customers



A customer survey is conducted once every 3 years to keep updated with the customers' needs and expectations for the Group's products and services. Regular outlet visits are ways to gain insights into customer behaviour as well.

Employees



Open communication through Berjaya Intranet on events, activities, staff promotions as well as messages from the Chief Executive Officer. Berita Sports Toto is a quarterly newsletter that features Sports Toto's key activities, be it business or social.

Suppliers



Regular review of major suppliers to provide service delivery feedback and areas of improvement for the mutual benefit of both parties.

Communities and non-governmental organisations



Various community programmes driven through consultation and collaboration with non-governmental organisations ("NGOs") and charitable organisations.

Media



Regular engagement and updates with mainstream media on developments within the Group and the industry in general. Media releases relating to key business development as well as corporate social responsibility activities are made available to the media whenever necessary.

Investors and Stock Analysts









Communication via announcements to Bursa Securities, General Meetings, the Group's website as well as conducting briefings and updates for analysts, fund managers and potential investors as and when required.

SUSTAINABILITY STATEMENT

COMMITMENTS TO STAKEHOLDERS

BToto's commitments to its stakeholders are outlined below:-

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

SUSTAINABILITY STATEMENT

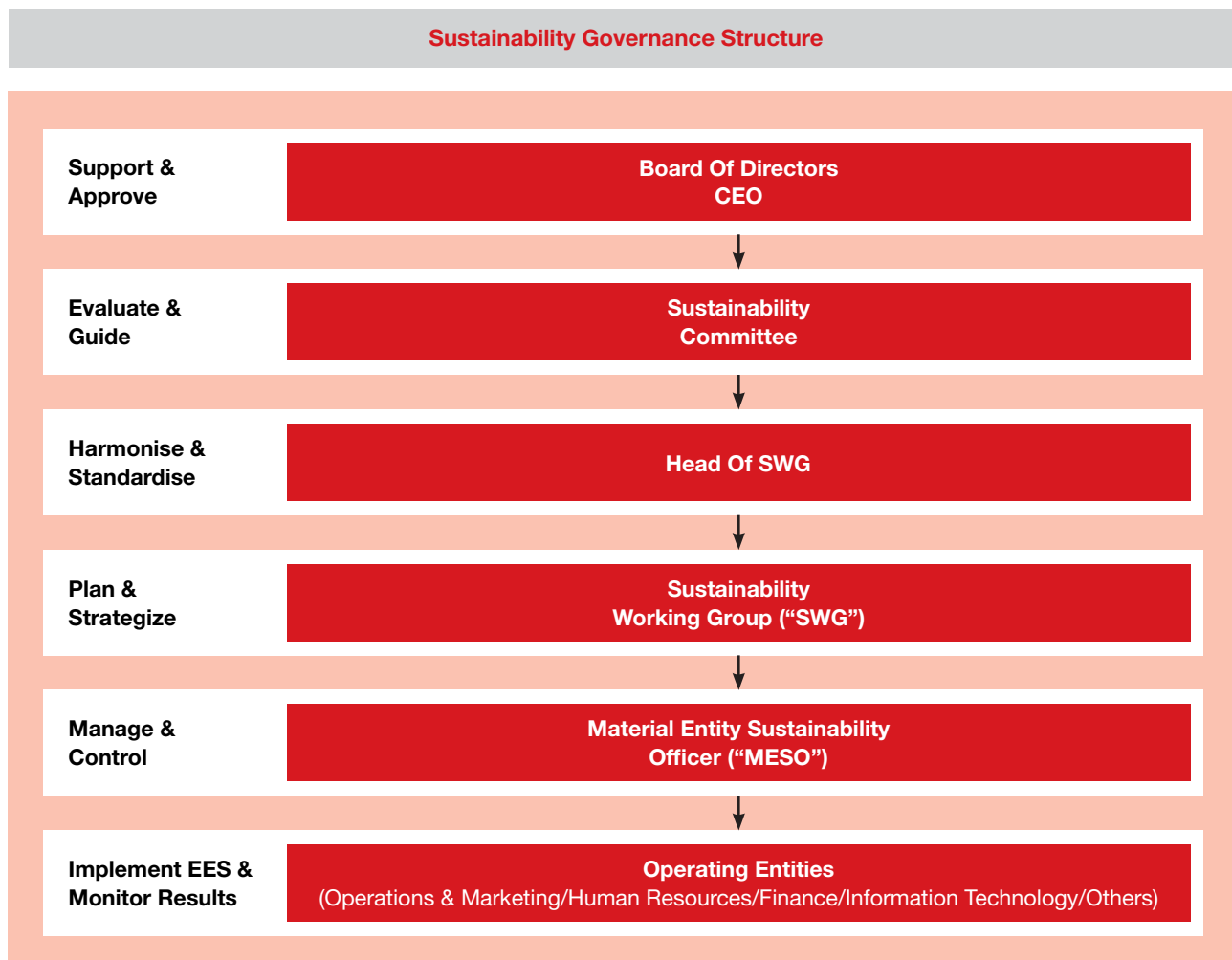
5. GOVERNANCE

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

The Sustainability Working Committee (“SWC”) was formed in 2016 to oversee the overall planning and implementation of sustainability practices and policy continuously and systematically. All operating divisions have been charged with the fiduciary duty to take into consideration sustainability in their business strategy planning, operations and processes. While doing that,

the Group strives to develop systems to monitor the implementation of its internal control measures and sustainability measures as well as the completeness and reliability of information related to the financial, operational, safety, health and environmental management aspects of the Group. The Board and management are committed to continually refining and improving these processes over time. The financial figures in this statement on sustainability have been externally verified.

For more detailed information on the Group’s Statement on Corporate Governance and Statement on Risk Management and Internal Control, please refer to pages 32 to 49 of the BToto Annual Report 2020.



Note: EES denotes economic, environmental and social.

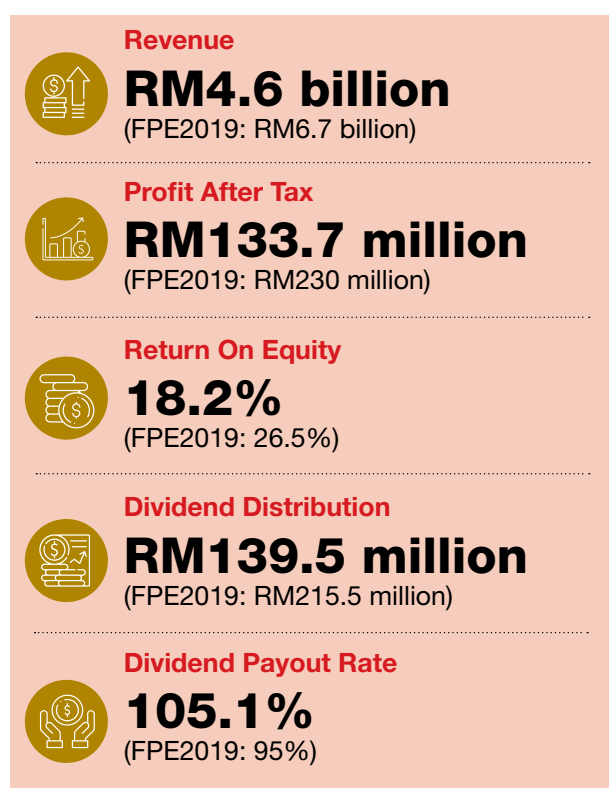
SUSTAINABILITY STATEMENT

6. ECONOMIC SUSTAINABILITY

6.1 Financial Performance

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

BToto's financial performance highlights for financial year ended 30 June 2020 and its comparatives for the 14-month financial period ended 30 June 2019 are as follows:



Sports Toto will continue to strive towards long-term business profitability and growth as well as maintaining its leading position in the NFO segment in terms of revenue by being innovative in driving sales while complying with the relevant laws, regulations, government policies and guidelines.

For more information about BToto's financial performance, please refer to BToto's Financial Summary and Highlights on pages 12 and 13 of the BToto Annual Report 2020.

6.2 Procurement Practices

BToto emphasises a competitive and reliable procurement process by prioritizing the procurement

of products and services from locally established business entities to generate economic value in the local community.

Sports Toto has an established key supply chain supplying consumable materials, system software, equipment and services for its Toto lottery operations. Its local procurement is largely conducted through a tender process managed by a Tender Committee which emphasizes a reliable and cost-effective supply chain.

Where local procurement is not possible, Sports Toto will look for opportunities to procure products and services from other entities within the Group. For instance, its lottery terminals, central system and system software are procured from its subsidiary company, International Lottery & Totalizator Systems, Inc. ("ILTS"), an established provider for proprietary wagering and lottery systems with their quality support in the United States of America, which has provided more than 65,000 terminals to several countries.

Sports Toto has a thermal paper supply agreement in place to ensure an uninterrupted supply and a backup plan for alternative sources of paper materials.

Sports Toto's system software and lottery terminals supplied by ILTS are managed by its IT and Field Support departments, while its telecommunication channels are monitored by its Network Service department with reliable support from Telekom Malaysia Berhad.

The procurement process, key supply chain, and operational controls enhance Sports Toto's sustainability as a responsible lottery business operator.

6.3 Indirect Economic Impact

In creating a sustainable and productive environment in the workplace and society, BToto creates an indirect economic impact by supporting local businesses and contributing to local community development.

BToto subsidiaries seek local suppliers for their procurement requirements to generate indirect economic value in the local community. In Malaysia, Sports Toto gives priority to local suppliers to support the local economy, while ensuring that the products conform to high standards of quality and delivery. All its procurements also adhere to standard operating procedures to ensure fair and reliable business transactions.

SUSTAINABILITY STATEMENT

Sports Toto has earned goodwill and acceptance as a respectable corporate entity in Malaysia through its Corporate Social Responsibility (“CSR”) programmes and other community development projects. Sports Toto’s CSR initiatives focus on the core areas of community, sports and education, helping many needy communities through the provision of monetary and non-monetary support for their various causes. More information on the CSR projects is included in the Community Support subsection under the Social Sustainability section.

7. ENVIRONMENTAL SUSTAINABILITY

BToto continues to practise sustainability in its daily operations and is committed to reducing its environmental footprint with effective management of paper and energy consumption, as well as supporting environment conservation initiatives.

7.1 Paper Usage

As part of its environmental conservation initiatives, BToto and its subsidiaries continue to reduce the usage of printed materials and actively recycle materials into items of various functions.

Sports Toto relies heavily on the supply of thermal papers for its lottery tickets on a daily basis and the following amounts were spent on thermal tickets:

- FYE 2020: RM 9.9 million
- FPE 2019: RM14.3 million
- FYE 2018: RM11.9 million

The distribution of thermal paper to Sports Toto outlets is closely monitored by its Logistics department with a computerised Ticket Roll & Inventory Tracking System to ensure proper consumption and control wastage. Recycled paper is also used for bet slips at the sales outlets and the plastic cores in its thermal ticket rolls have been replaced with biodegradable paper cores.

7.2 Energy Consumption

Even though Sports Toto’s operations do not require a high level of energy and water consumption, the company aims to manage these resources efficiently as saving energy in its premises is one of the contributors to reducing its carbon footprint.

During the financial year under review, Sports Toto has completed replacing the fluorescent lights with energy-saving LED light tubes in twenty-five sales outlets throughout the country to reduce electricity consumption.

H.R. Owen has complied with the various local regulations for its environmental responsibilities. The UK Government’s mandatory energy assessment scheme, Energy Savings Opportunity Scheme requires H.R. Owen to measure its total energy consumption and carry out its energy audits to identify cost-effective energy-saving opportunities. H.R. Owen also invested in energy-saving fit-outs on the refurbishment of its existing and new sites. H.R. Owen has officially opened its Ferrari Mayfair showroom which showcased the UK debut of the SF90 Stradale, Ferrari’s first series production plug-in hybrid electric vehicle (“PHEV”). PHEV significantly reduces the vehicle’s petrol consumption and it emits less greenhouse gas compared to conventional vehicles.

7.3 Environment Conservation

In October 2019, Sports Toto supported the Tioman Island Conservation Day (“TICD”) for the fourth consecutive year with a group of volunteers including divers to improve the growth of coral reefs around the island, clean up the beach area and raise public awareness about the importance of preserving the marine ecosystem. The divers removed the Crown of Thorns and algae on corals to promote reef recovery and planted young corals while the non-diver participants collected trash along the beach. In just two hours, the volunteers collected a total of 186kg of trash.

8. SOCIAL SUSTAINABILITY

BToto acknowledges the importance of social sustainability by putting in place various practices related to responsible marketing and communications practices, information security and privacy, public policy and risk management, customer care, and community support.

8.1 Product and Service Responsibility

a. Marketing and Communication Practices

Sports Toto uses communication materials such as posters and leaflets, mainstream print media, websites, social media and other online applications to provide information on its products and services. Being adversely affected by illegal operators, Sports Toto displayed posters to educate its customers on the penalties of buying from illegal operators under the relevant gaming laws. Some of the marketing strategies included:-

- Leveraging on digital marketing, such as social media, website and other online applications, to cater to the tech-savvy group;

SUSTAINABILITY STATEMENT

- Content information such as product videos, inspirational posts, winning news and various mini-contests was posted on Sports Toto social media pages and official webpage. During the financial year under review, Sports Toto produced several videos such as “4D Zodiac”, “Yes! I Won with RM1”, CNY greetings, Supreme e-gamer and Jingle music videos.
- Monthly mini fun games contests on Sports Toto’s website for the public to participate and win prizes.
- Product awareness campaigns and flash mob dances at several Sports Toto outlets.

Sports Toto improved its existing mobile application by incorporating new user interfaces and features to enhance customer experience while checking on their draw results and updates on promotional events.

Sports Toto also supported public service announcements through local radio stations to inculcate good living tips and values as well as festive greetings.



Promotional poster for Toto 4D Zodiac.

b. Customer Care and Experience

Sports Toto’s Customer Service Unit attends to customer enquiries through various communication channels, from telephone calls and mail to email correspondence, webmaster enquiries and live chats from customers. Customers may also log into Sports Toto’s website or post messages on Sports Toto’s Facebook page, whereby the standard guideline for a reply and resolution of an issue is within 3 to 5 working days depending on the nature of the issue.

The sales counters at each Sports Toto outlet have been equipped with a customer care line sticker with the careline telephone number and various interfaces for customer feedback.

Sports Toto periodically communicates with its web subscribers on draw results and special draw announcements, Jackpot updates, seasonal greetings, winning stories, marketing and promotions as well as CSR activities. A live chat facility is also available on Sports Toto’s website to enable real-time interaction with customers from 9am to 6pm on weekdays. Statistical data related to communication with customers, handling of customer’s enquiries and complaints are as follows:-

	Financial Year ended 30 June 2020	Financial Period ended 30 June 2019
Call in	2,403	2,377
Webmaster	2,061	1,019
Live Chat	1,830	912
Walk-in	35	31
Enquiry	4,842	3,741
Complaint	358	446
Sponsorship	111	152

Ongoing training is provided to all front-end staff who operate the point-of-sale counters and terminals in all the sales outlets throughout the country. These training include product knowledge, quality customer service, grooming of the front counter staff and selling process.

8.2 Compliance

a. Information Security and Privacy

As a responsible corporate citizen, information security of the company employees and customers is of utmost importance to BToto. In compliance with the Personal Data Protection Act 2010, the websites of BToto and its subsidiaries carry a privacy policy which explain clearly the methods and purposes of data collection and the use of customers’ personal information.

Sports Toto continues to maintain a designated area at its head office and regional offices to offer a private and comfortable environment for its customers to claim their winnings.

b. World Lottery Association (“WLA”) Security Control Standard and ISO/IEC 27001:2013 and Responsible Gaming

Sports Toto attained the World Lottery Association Security Control Standard: 2016 (WLA-SCS:2016) and ISO/IEC 27001:2013 certification in December 2019.

WLA-SCS:2016 is the lottery sector's only internationally recognized security standard. It combines a comprehensive information security management baseline incorporating ISO/IEC 27001:2013, a leading international standard for information security management, with additional lottery-specific security controls representing the best practices.

The accreditation assessment of Sports Toto's main operations for both the WLA-SCS:2016 and ISO/IEC 27001:2013 were conducted by an independent international certification body.

With this accreditation, Sports Toto has met the stringent requirements of ISO/IEC 27001:2013 for establishing, implementing, maintaining and continually improving its Information Security Management System (ISMS), together with additional security requirements which are set forth by the WLA, including lottery specific and integrity controls.

The scope of the certification cover areas such as the Management, Development, Sales, Draw and Operation Support of Licensed Lottery Games. This is in accordance with the "Statement of Applicability version 2.0."

Sports Toto attained level 2 of the Responsible Gaming certification from the World Lottery Association in June 2020. The certifications for WLA-SCS:2016 and ISO/IEC 27001:2013 are valid up to December 2022.

c. IT Integrity, Cybersecurity and Other Security-Related Practices

To ensure system availability and continuity, the various IT departments within the BToto Group maintain its preventive measures in their operating systems to minimize the exposure to cybersecurity risk.

Sports Toto has in place a system that effectively identifies and responds to any IT integrity or cybersecurity issues. The network and its systems are checked on an annual basis to ensure the operating system is up-to-date to counter potential cyber threats.

In addition to its upgraded firewall security measures, penetration tests are being carried out by the IT department to test the vulnerability of the systems' networks including the Toto mobile application and mobile website.

Sports Toto's IT department continues to take a proactive approach to identify potential vulnerabilities in Sports Toto's operating environment and provide timely response and recovery in the event of a cyber breach.

Sports Toto's security personnel receive regular training to provide efficient security measures in ensuring the safety of the company's employees, customers and property.

Sports Toto's draw proceeding is one of the most important areas under scrutiny to prevent any form of fraud or mishandling. The adherence to the Lottery Draw Management guidelines and control as advocated by the WLA has further strengthened and reinforced the control in the management, operations and conduct of the draw.

Sports Toto's Standard Operating Procedures are regularly reviewed and updated with the internal auditors and the WLA certified auditors to improve on the processes and internal controls. The yearly review and audit at the outlets will ensure the procedures are properly complied with. Remedial actions are properly identified and taken to safeguard the company's reputation, integrity and assets.

8.3 Good Governance

Several policies and procedures are published in BToto's website and they include, among others, the following:-

- i. Adequate Procedures to Curb and Prevent Bribery and Corruption – T.R.U.S.T Concept;
- ii. Employees' Code of Conduct;
- iii. Sustainability Practices and Policy;
- iv. Whistleblowing Policy & Procedures

Sports Toto adheres to the following rules and regulations, including but not limited to the following:-

- a. Malaysian Code on Corporate Governance;
- b. Ministry of Finance- Pool Betting Act 1967.

Sports Toto remains committed as a responsible organisation in promoting responsible gaming. As a company involved in the gaming business, maintaining a good public image at all times is essential. Every Sports Toto outlet has a public notice to prohibit minors and Muslims from betting. Sports Toto's website, www.sportstoto.com.my, carries a "Be a Responsible Player" reminder message which clearly states that Toto players must be 21 years old and above; they should bet within their financial means, and they should self-evaluate their financial status.

SUSTAINABILITY STATEMENT

The legalised NFO industry continues to work with the enforcement authorities and local councils to curb illegal betting activities.

8.4 Human Capital

a. Human Resource Diversity

BToto embraces and values diversity and inclusion in the workplace as it promotes a collaborative, supportive and respectful environment among its employees.

BToto believes that its fair employment practice, equal treatment to all employees and equal access to opportunity are the keys to boosting employees' morale and achieving competitive advantage through its diverse workforce. It encourages an inclusive workplace where its employees feel safe and confident to contribute their views in delivering innovative and effective business solutions.

b. Occupational Safety and Health

BToto promotes proactive occupational safety, health and environmental philosophy and adopts best practices in building and maintaining a healthy and safe working environment.

The Group undertook various COVID-19 preventive measures in accordance with guidelines and Standard Operating Procedures which are mandated by the Malaysian Government.

BToto continuously raises health and safety awareness where several awareness talks and training were held for employees during the financial year under review.

In July 2019, BToto participated in a fire drill conducted by BCorp. To ensure proper compliance and safe evacuation of all employees, all fire marshals were briefed, where they performed rehearsals and conducted a floor check on the emergency escape routes.

In January 2020, BToto's parent company rolled out its Crisis Management Recovery ("CMR") policies to its subsidiaries where a training session was conducted for Head of Companies and representatives. Areas covered in the training includes the CMR policy, scope, organisation and planning for emergencies, threat assessment and emergency response.

In the United Kingdom, H.R. Owen ensures that all of its vehicle sites comply with health and safety requirements. H.R. Owen has in place a Health and Safety Action Plan which includes among others, risks and hazards identified by the Health and Safety Advisor. Based on the Health & Safety at Work etc. Act 1974 Section 2(8), H.R. Owen is required to inform its employees of the action taken to mitigate the risks at the place of work, for example the Burr Road and Jack Barclay vehicle sites. H.R. Owen also conducts Workplace Risks Assessment. The residual risk is calculated by taking into account the likelihood, severity, and the risk level of the identified hazard. Control measures are then being applied to mitigate such risks.

c. Labour Practices

BToto practises fair employment opportunities to all employees and job applicants. Equal opportunities apply to all the Group's activities, including, but not limited to, recruitment, hiring, compensation, assignment, training, promotion, discipline and discharge.

H.R. Owen adopts a zero-tolerance approach to modern slavery. Effective systems and controls are implemented to ensure modern slavery does not take place within the business. Modern Slavery and Human Trafficking Statement applies to all its employees, contractors, external consultants, and third party representatives. Through H.R. Owen's Induction Programmes, employees are encouraged to identify and report any potential breaches of anti-slavery and human trafficking policy. The statement is made in accordance with Section 54(1) of the UK Modern Slavery Act 2015.

i. Human Resource Deliverables

BToto recognises that human capital is one of the critical enablers for driving and sustaining the Group's success and growth. As such, BToto strongly believes that human capital development and availability of a highly resilient workforce is very important to support its continued expansion and growth.

To this end, BToto invests immense efforts in recruiting the best fits, strengthening the talent and leadership pipeline and cultivating a positive and learning culture within the organisation. BToto aims to ensure that its employees are not just engaged but knowledgeable, productive and competitive, while enriching its work culture and environment, distinguishing the organisation as the "Employer of Choice".

SUSTAINABILITY STATEMENT

Deliverables

	Recruiting the Best Talents through Talent Acquisition Strategies.
	Strengthen Talent and Leadership Pipeline through Talent Management and Succession Planning Strategies.
	Cultivating a Performance Driven Culture.
	Building a Learning Culture and Highly Agile Workforce through Learning and Development Programs.
	Progressively Review and Improve Human Resource Policies, Work Environment and Work Systems.
	Building a Highly Engaged and Productive Workplace Culture.
	Capitalising on HR Technology and Develop Digital Native Culture.

ii. Company and Employer Branding

Berjaya has established its employer brand locally and overseas which helps to convey to internal and external talents what distinguishes the Group from its competitors.

In 2019, BToto's parent company, Berjaya Corporation Berhad ("BCorp") bagged another 3 awards, recognising its employer brand's impact and presence, locally as well as in Asia and a special award recognising its best practices implemented within the Group.

"Continuously Striving for Excellence" - BCorp's Awards and Recognition for 2019



Top 100 Asia's Best Employer Brands 2019



HR Best Practices (Gold Award) 2019



Malaysia's 100 Leading Graduate Employers Awards 2019

As recognition of Berjaya's branding, the Perdana Hotel, which is located in Makati, was awarded the "2019's Productivity Regional Winner for Small Service Category" by the Department of Labour and Employment of the Philippines for its excellent service and branding.

iii. Learning and Development

BToto continues its efforts to build a learning culture and a highly agile workforce through learning and development programmes.

Sports Toto continued to enroll its talents in Berjaya Group's leadership development programmes, namely Berjaya Advanced Leadership Programme ("B.ALP"), Berjaya Manager Development Programme ("B.MDP") and Berjaya Executive Development Programme ("B.EDP"), to help the employees develop and reach their full potential. The number of Sports Toto's employees who graduated from the programmes are as follows:-

- i. FYE 2020: 18
- ii. FPE 2019: 3
- iii. FYE 2018: 21

To improve its customer service levels, Sports Toto provides various training programmes where relevant using Video Tele-Conferencing ("VTC"), for its employees and agents' frontline staff.

The statistics of the training programmes is as below:

	FYE 2020	FPE 2019	FYE 2018
Number of product training sessions	13	21	19
Number of service upselling training sessions (including navigating the 'new normal' in view of the COVID-19 pandemic)	4	35	20
Number of employees and agents' frontline staff who attended the training sessions	331	2,077	932

Sports Toto continues to implement Performance Management based on Balance ScoreCard Concept ("BSC") and e-appraisal system training for the Performance ScoreCard ("PSC") module.

SUSTAINABILITY STATEMENT

iv. Employees' Engagement and Wellbeing

Maintaining a high level of employee engagement is important for BToto to attract and retain talented employees and ultimately, deliver business success.

BToto also strongly believes in driving better local communication among its business units through synergy meetings and capitalising on communication channels such as the "Buzz" mobile App, "BFamily" Intranet and the "Beritajaya" newsletter.

The Buzz Mobile Application



BToto's engagement initiatives during the financial year under review were focused on celebrating diversity, bringing together employees from varied backgrounds and levels and building camaraderie through activities that celebrate the major festivals in Malaysia, health-related activities and sports tournaments to boost motivation and teamwork.

BToto believes that understanding its employees from a holistic perspective, taking into account the totality and quality of their lives is equally important. Employees who are in a state of good health, physically and emotionally are more motivated and could create positive energy that leads to higher productivity and a better working environment. BToto provides a range of initiatives aimed not just to create awareness but also to encourage employees to make informed choices that will impact their career and personal life and at the same time to enhance their overall health and wellbeing.

A Webinar on "Managing Stress and Relationships During the COVID-19 Crisis" was organized by the Group Human Resource Division during the MCO. This webinar showed the employees how to maintain and keep positive mental health during an unprecedented period. 100 employees participated in this Webinar which was held in April 2020.

Subject to the social distancing measure which is aimed to contain the outbreak of the global COVID-19 pandemic, Sports Toto continues to provide employees with subsidies for the club membership subscription for Sports Toto Fitness Centre, to support its employees for a healthy lifestyle. Informative health talks, where relevant via VTC, on various health matters and prevention measures, are being organised during lunch hour.

In July 2019, BToto launched its fitness challenge campaign, "STOP x START" (that is, STOP giving excuses, but START to work-out). The three-month campaign encouraged its participants to challenge their "overall health transformation" through extensive fitness activities that are designed to achieve the targets. A total of 7 employees took up the challenge and their physiques have improved as a result of better Body Mass Index readings, reduction of body fat, and improved muscle-gain.

STOP giving excuses, but START to work-out



During the previous financial period, Sports Toto implemented a "Boost Your Health" campaign where fruits were provided on a daily basis to staffs who are based in Klang Valley. In the current financial year, employees were also provided with several dental care products free-of-charge, to further promote good hygiene.

BToto designed free fitness and workout sessions which allowed employees to relax their minds and to enjoy various types of exercise such as Bollywood dance, Les Mills Body Pump and Body Step fitness session.

SUSTAINABILITY STATEMENT

BToto strives to continuously enhance the benefits and well-being of its employees and continues to provide attractive remuneration and benefits packages to employees to stay competitive in the market. BToto takes into consideration the needs of different level of employees and endeavours to ensure that employees' well-being is well-thought-out regardless of their job category in the best possible way.

BToto launched the Flexi Benefits Scheme for the benefit of all its employees in March 2019 where they are being provided with the option to select the type of benefits they need from a package of benefits offered by BToto, and able to manage their benefits utilisation based on the yearly entitlement. In the current financial year, employees are being offered the Group Term Life Assurance Policy which covers death or permanent disablement arising from natural causes and critical illness.

Flexi Benefits Scheme

Learning & Development Opportunity



Staggered Working Hours Arrangement



Medical & Insurance



Nursing Room



Flexible Benefits

Optical



Dental



Vaccination



Chiropractic



Pap Smear



Insurance Top Up Scheme



Staff Discount / Rate

Hotel Stay



Education (for staff & their children)



F&B



Gym



BToto continues to provide financial assistance for employees and their immediate family members to alleviate their financial burden in times of crisis. This includes monetary assistance for medical expenses and in the event that the home of an employee is affected by natural disaster.



Deepavali donation campaign for needy families held in Melaka in 2019.



Sports Toto Chinese New Year 2020 ang pow donation campaign.

8.5 Community Support

Despite the challenges faced during the financial year under review, Sports Toto continued to carry out various projects, wherever possible, through its "Helping Hands" Corporate Social Responsibility (CSR) programme with its tagline – "Sharing, Giving and Caring". These CSR projects also enabled Sports Toto employees to practise volunteerism and give back to society through their participation.

Community

Sports Toto organised the 33rd Sports Toto Chinese New Year Ang Pow Donation Campaign, which costs approximately RM1.2 million and benefited more than 19,000 senior citizens nationwide. More than 800 employees and Sports Toto outlets' agents contributed towards making the campaign a success. Since its inception in 1988, the campaign has benefited over 410,000 senior citizens.

SUSTAINABILITY STATEMENT

In conjunction with the Hari Raya celebration, Sports Toto contributed household items to 80 needy families in Subang and Puchong whose livelihood was affected by the COVID-19 pandemic.

Sports Toto collaborated with SEMOA Bhd to organise a Christmas Carnival for approximately 1,200 Orang Asli in Pahang in November 2019. Children who attended the carnival were given a Christmas present each.

In the Philippines, BPI collaborated with the Gawad Kalinga Community Development Foundation (“GK”), Philippine-based poverty alleviation and nation-building organization, to build houses for Filipinos hit by calamity and poverty-stricken families. During the financial year under review, a total of 20 houses were built and handed over to the beneficiaries. To-date, the Berjaya-GK collaboration has contributed more than 1,200 houses for the needy and poor in the Philippines.

BPI distributed relief packs consisting of clothes and food to 350 evacuees from the Taal Volcano eruption at an evacuation centre in Barangay San Antonio in Santo. Tomas, Batangas. Taal was declared a danger zone by the Philippine Institute of Volcanology and Seismology when the volcano erupted in January 2020.

Education

In line with its objective to promote literacy and education, Sports Toto has been supporting the “Reading My Companion” learning programme since 2012 with the distribution of storybooks and storytelling sessions for students at micro-sized Chinese primary schools. Since schools were closed due to the COVID-19 pandemic, the programme which was expected to take place in June 2020 was deferred to the next financial year. In the previous financial period, Sports Toto visited 20 schools in Perak, Negeri Sembilan, Melaka, Pahang and Johor. Since its inception, the programme has benefited more than 14,000 students in 132 rural Chinese primary schools.

Sports Toto supported the operating costs for a community education centre providing free English, Mathematics, computer and personal development lessons for underprivileged children and adults in Johor. During the financial year under review, more than 1,000 students have benefited from the programme.

Sports

Sports Toto views sports development as a key element in nation-building and fostering national unity. Since its inception in 1983, Sports Toto has contributed substantial annual contributions to the National Sports Council, playing a pivotal role in helping the nation to groom sports’ talents over the past 37 years.

At the community level, Sports Toto sponsored the Kuching Festival’s 3 on 3 Basketball Jamboree, Sports Toto’s High School Basketball Tournament, Seremban Half Marathon, Sungai Petani Half Marathon, Sutera Harbour 7K Charity Run, and Penang Bridge International Marathon.



Seremban Half Marathon 2019.



Sg. Petani Half Marathon 2019.



Sutera Harbour 7k charity run.

SUSTAINABILITY STATEMENT

Popular Entertainment and Culture

During the financial year under review, Sports Toto continued to present “Show Time” – a nationwide series of mini-concert musical roadshows aimed at providing a platform for local talents to perform in sub-urban areas as a form of entertainment for the local community.

Sports Toto supported the “TRUE @ Melaka – Riverside Art” Festival held at Jonker Street, Malacca in December 2019. The highlight of the event was the iconic boat parade at the Melaka River which showcased the unique cultures of the communities in the state. It also featured performances by popular local artists.

Sports Toto continued to support traditional Chinese festivals such as the “Pesta Tanglung” through a collaboration with the Muar Youth Association to promote traditional cultures which emphasizes the value of family reunion. The carnival held in September 2019 attracted more than 30,000 visitors.

Sports Toto also supported the “Por Tor” (Hungry Ghost Month) festival held in August 2019 and the Penang Chingay Parade in December 2019, which saw Chingay performers balancing a gigantic Berjaya flag in the annual procession.



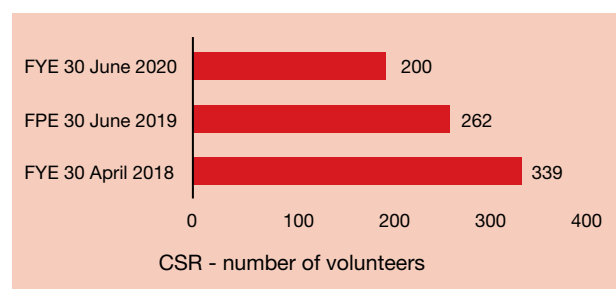
Tioman Island Conservation Day 2019.

Culture of Volunteerism

A culture of “giving back” to society is one of the most inspiring ways to engage the employees. During the financial year under review, a total of 200 Sports Toto employees participated in various charitable events across the country compared to 262 employees in the previous financial period as some of the programmes were halted due to the COVID-19 pandemic.



Christmas celebration with the Orang Asli community.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

The Board is pleased to provide an overview of the corporate governance (“CG”) practices, which made reference to the three key CG principles as set out in the MCCG throughout the financial year ended 30 June 2020 (“FYE 2020”) unless otherwise stated, which are as follows:-

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

This CG overview statement, approved by the Board, shall be read together with the CG Report 2020 (“CG Report”) of the Company which is available on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”) at www.bursamalaysia.com.

The CG Report provides the details on how the Company has applied each Practice, any departures thereof and the alternative measures being in place within the Company during the FYE 2020. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2020 save for the exceptions which are fully described in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has overall responsibility for the proper conduct of the Company’s business and the strategic direction, development and control of the Group. The Board has formally adopted a Board Charter which sets out the roles and responsibilities of the Board and the Management to ensure accountability. The Board Charter is available on the Company’s website at www.berjaya.com/berjaya-sports-toto/ and will be subject to review periodically by the Board to ensure that it remains consistent with the Board’s objectives and responsibilities.

Chairman and Chief Executive Officer

The Board is led by the Chairman, Tan Sri Dato’ Seri Tan Kok Ping, a Non-Independent Non-Executive Director of the Company. The Chairman is responsible to ensure that he will preside at all Board meetings and general meetings of the Company. The Chairman is also responsible for providing leadership as well as to ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

The Board has delegated the day-to-day affairs of the Group’s business to the Chief Executive Officer (“CEO”) of the Company, Nerine Tan Sheik Ping who assumed the position of CEO on 1 June 2018.

The CEO holds the primary executive responsibility for the Group’s business performance and to manage the Group in accordance with the strategies and policies approved by the Board. The CEO will focus on the business and leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group. The CEO may delegate appropriate functions to any member of the Senior Management reporting to the CEO.

The CEO and Management meet regularly to review and monitor the performance of the Group’s operating divisions. The CEO briefs the Board on the Group’s business operations and Management’s initiatives during the quarterly Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Separation of Positions of the Chairman and Chief Executive Officer

The Chairman and the CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO with clear division of responsibilities have ensured the balance of the power and authority and that no one has unfettered control of the Board. The roles and responsibilities of the Chairman and CEO have been formalised in the Board Charter of the Company.

Non-Executive Directors

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

The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

In addition, the Non-Independent Non-Executive Directors on the Board will also help to provide views and contributions from a different perspective as they are not involved in the day-to-day operations of the Group.

Board Committees

The Board has established and is supported by the following Board Committees which consist of a majority of Independent Non-Executive Directors to provide independent oversight of management and to ensure that there are appropriate checks and balances in discharging its oversight function: -

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

The Board Committees have their roles and functions, written terms of reference and authorities defined. The Board reviews the terms of reference of the Board Committees periodically to ensure their relevance.

The Board may form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency.

Notwithstanding the above, the ultimate responsibility for decision making and oversight still lies with the Board.

Company Secretary

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company Secretaries have also been continuously attending 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 and enabling them to provide the necessary advisory role to the Board.

Board Meeting and Meeting Materials

In order to discharge their responsibilities effectively, the Board meet regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

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

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

Access to information and advice

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

Board Charter, Ethical Standards through Code of Ethics, Code of Conduct, Whistleblowing Policy and T.R.U.S.T Concept

The Board has the following in place:-

(a) Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board. The Board Charter is subject to review by the Board periodically to ensure that it remains consistent with the Board's roles and responsibilities as well as the prevailing legislation and practices. A copy of the Board Charter is available on the Company's website at www.berjaya.com/berjaya-sports-toto/.

(b) Code of Ethics for Director

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

(c) Code of Conduct and Business Ethics

The Group has established and adopted a Code of Conduct covering business ethics, workplace safety and employees' personal conduct for all employees of the Company and all of its subsidiaries and associates. This is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation. All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Company.

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

(d) Whistleblowing Policy and Procedures

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

The Group has in place a Whistleblowing Policy and Procedures which provides an avenue for employees, the Group's third party service providers, independent contractors, vendors and suppliers and members of the public to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct at the workplace on a confidential basis and pursuant to the Malaysian Whistleblower Protection Act 2010 or other similar laws prevailing in other countries where the subsidiary companies are located, without fear of any form of victimization, harassment, retribution or retaliation.

The Whistleblowing Policy and Procedures was recently reviewed, updated and approved by the Board of Directors on 18 August 2020 so as to enhance the reporting procedure to safeguard against the acts of bribery and corruption pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The revised and updated Whistleblowing Policy and Procedures, underlining its protection and reporting channels, is available on the Company's website at www.berjaya.com/berjaya-sports-toto/.

(e) T.R.U.S.T Concept

- Adequate Procedures to Curb and Prevent Bribery and Corruption

The Board has adopted T.R.U.S.T Concept on 18 August 2020 which forms the ethos and philosophy of the top management in respect of the Group's fight against bribery and corruption in all its business dealings, transactions and such other related activities.

The T.R.U.S.T CONCEPT was formulated to set out the guidelines on adequate procedures to curb and prevent bribery and corruption and the procedures are guided by the following five (5) principles:-

- Principle I: Berjaya's Ethos and Commitment;
- Principle II: Risk Assessment;
- Principle III: Undertake Control Measures;
- Principle IV: Systematic Review, Monitoring and Enforcement; and
- Principle V: Training and Communication.

(Collectively known as T.R.U.S.T. Concept)

The establishment of this T.R.U.S.T CONCEPT demonstrates the Group's zero-tolerance approach against all forms of bribery and corruption in its daily operations and the Group takes a strong stance against such acts. The Group will take all reasonable and appropriate measures to ensure that all its directors and employees are committed to act professionally and with integrity in all their business dealings and not participate in any corrupt activities for its advantage or benefit.

The T.R.U.S.T CONCEPT can be accessed on the Company's website at www.berjaya.com/berjaya-sports-toto/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Sustainability Strategies

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

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

Board Composition

The Board composition of the Company represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities. As at 30 June 2020, the Board has six (6) members comprising the CEO, one (1) Executive Director, two (2) Non-Independent Non-Executive Directors (including the Chairman) and two (2) Independent Non-Executive Directors.

The profiles of the current Directors of the Company are set out in pages 3 to 5 of this Annual Report.

The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one-third (1/3) of its members to be Independent Directors.

The Board noted that Practices 4.1 and 4.2 of the MCCG has recommended for at least half of the Board members to be independent directors and the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. For Large Companies, the Board shall comprise a majority of Independent Directors.

Based on the review of the Board's composition and assessment of individual Directors during the FYE 2020, the Board is satisfied that the Independent Directors are able to exercise independent and objective judgement and act in the best interests of the Company even though they do not form a majority of the Board members.

The current Directors of the Company as at the date of this Statement are as follows:-

Name	Designation
Tan Sri Dato' Seri Tan Kok Ping	Chairman /Non-Independent Non-Executive Director
Nerine Tan Sheik Ping	Chief Executive Officer
Seow Swee Pin	Executive Director
Chan Kien Sing	Non-Independent Non-Executive Director
Datuk Robert Yong Kuen Loke	Independent Non-Executive Director
Dato' Oon Weng Boon	Independent Non-Executive Director

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

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

The Board is of the view that whilst promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate Boardroom diversity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 work place 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 one (1) female Director namely, Ms Nerine Tan Sheik Ping.

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

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the FYE 2020, the Board met five (5) times and the attendance record of the Directors at the Board meetings were as follows:-

Directors	Attendance
Tan Sri Dato' Seri Tan Kok Ping	4/5
Seow Swee Pin	5/5
Nerine Tan Sheik Ping	5/5
Chan Kien Sing	5/5
Datuk Robert Yong Kuen Loke #	5/5
Dato' Oon Weng Boon #	5/5

Note:

Independent Non-Executive Director

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

Directors' Training

All the Directors had attended the Mandatory Accreditation Programme as prescribed by Bursa Securities.

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements.

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.

The Board is also regularly updated by the Company Secretaries on the latest update/amendments to the relevant regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the FYE 2020, the Directors had attended various training programmes and seminars, details of which were as follows:-

Directors	Title of Programmes/Seminars/Courses/Forums
Tan Sri Dato' Seri Tan Kok Ping	- Grant Thornton Tax Seminar on Budget 2020
Nerine Tan Sheik Ping	- MACC Act Section 17A: Are you ready to comply
Seow Swee Pin	- MCCG – Adoption of Practices for Meaningful Corporate Governance - Corporate Governance Orientation Program, Manila - APLA Regional Conference 2019, Brisbane - MACC Act Section 17A: Are you ready to comply - PowerTalk #9: Adequate Procedures: The Director's Response to Individual Liability
Chan Kien Sing	- MIA International Accountants Conference 2019 - MACC Act Section 17A: Are you ready to comply - Anti-Bribery and Anti-Corruption Framework and Policy
Datuk Robert Yong Kuen Loke	- Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees - MACC Act Section 17A: Are you ready to comply
Dato' Oon Weng Boon	- Malaysia Budget 2020 Insights - The new Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act - Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees

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

Appointment to the Board

The members of the Nomination Committee, which comprises exclusively Non-Executive Directors and majority of whom are Independent Non-Executive Directors as at the date of this Statement are as follows:-

Datuk Robert Yong Kuen Loke	- Chairman/Senior Independent Non-Executive Director
Dato' Oon Weng Boon	- Independent Non-Executive Director
Tan Sri Dato' Seri Tan Kok Ping	- Non-Independent Non-Executive Director

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out in its Terms of Reference, which is available on the Company's website at www.berjaya.com/berjaya-sports-toto/.

The Board delegates to the Nomination Committee the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, Senior Management staff, major shareholders, independent search firms and/or other independent sources;
2. In evaluating the suitability of candidates for appointment 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 candidates' independence;
3. Recommendation shall then be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Assessment

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Malaysia Berhad. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

During the FYE 2020, the Nomination Committee carried out the following activities:

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the performance of each individual Director, the independence of the Independent Directors, the effectiveness of the Board and the Board Committees;
- recommending Directors who are retiring and being eligible for re-election;
- reviewed the performance of the Audit Committee and its members;
- reviewed and assessed the financial literacy of the Audit Committee members; and
- recommending the retention of Independent Directors.

Re-election of Directors

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming Annual General Meeting (“AGM”) in accordance with the provisions of the Company’s Constitution and the relevant provisions of the Companies Act 2016.

The Company’s Constitution provides that at least one-third of the Directors shall retire by rotation and they are eligible to seek re-election at each AGM and that each Director shall submit himself/herself for re-election once every three (3) years. The Company’s Constitution also provides that a Director who is appointed during the year is required to retire and seek shareholders’ approval for re-election at the following AGM immediately after his/her appointment.

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

At the forthcoming AGM, the following Directors who are due for retirement and are eligible for re-election pursuant to Clause 117 of the Company’s Constitution are as follows:-

Directors	Retiring Pursuant to
i. Tan Sri Dato’ Seri Tan Kok Ping	Clause 117
ii. Dato’ Oon Weng Boon	Clause 117

Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term of twelve (12) years. However, the retention of Independent Directors who have served a cumulative term of nine (9) years shall be subject to annual shareholders’ approval in line with the best practice of the MCCG.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

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

Datuk Robert Yong Kuen Loke was re-designated from a Non-Independent Non-Executive Director to an Independent Non-Executive Director of the Company on 1 December 2009 and has therefore served the Company as an Independent Director for a cumulative term of more than 9 years but less than 12 years.

Following an assessment and recommendation by the Nomination Committee, the Board concluded that Datuk Robert Yong Kuen Loke had remained independent and pursuant to Practice 4.2 of the MCCG, the Board will seek approval from the shareholders of the Company at the forthcoming AGM to support the Board's decision to retain Datuk Robert Yong Kuen Loke as an Independent Non-Executive Director of the Company based on the following justifications:-

- (i) he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and being independent, he will 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 9 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 of the Company as well as the Chairman of Nomination Committee, Risk Management Committee and Sustainability Committee and he has carried out his professional duties proficiently in the interests of the Company and the shareholders.

Annual Assessment of Independence

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

The Board, through the Nomination Committee, has assessed the independence of its Independent Non-Executive Directors namely, Datuk Robert Yong Kuen Loke and Dato' Oon Weng Boon based on criteria set out in the Main Market Listing Requirements of Bursa Securities.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration Policies and Procedures

The members of the Remuneration Committee which comprises exclusively Non-Executive Directors and majority of whom are Independent Non-Executive Directors are as follows:-

Dato' Oon Weng Boon	- Chairman/Independent Non-Executive Director
Datuk Robert Yong Kuen Loke	- Independent Non-Executive Director
Tan Sri Dato' Seri Tan Kok Ping	- Non-Independent Non-Executive Director

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

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

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy. The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration of Executive Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The remuneration of Key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

Both the remuneration of Executive Directors and Key Senior Management are structured to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board recommended that the level of remuneration should reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

The Board will periodically review the Remuneration Policy and a copy is available on the Company's website at www.berjaya.com/berjaya-sports-toto/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of Directors' remuneration paid or payable to all Directors of the Company (by both the Company and the Group) and categorised into appropriate components for the FYE 2020 are as follows:-

Company

	RM					
	Fees	Salaries	Bonuses	Benefits in-kind	Other Emoluments	Total
Executive						
Seow Swee Pin	-	-	-	-	-	-
Nerine Tan Sheik Ping	-	-	-	-	-	-
Non-Executive						
Tan Sri Dato' Seri Tan Kok Ping	80,000	-	100,000	-	598,393	778,393
Datuk Robert Yong Kuen Loke	80,000	-	13,000	11,598	186,753	291,351
Dato' Oon Weng Boon	80,000	-	-	-	23,900	103,900
Chan Kien Sing	80,000	-	20,000	-	282,593	382,593
	320,000	-	133,000	11,598	1,091,639	1,556,237

Group

	RM					
	Fees	Salaries	Bonuses	Benefits in-kind	Other Emoluments	Total
Executive						
Seow Swee Pin	-	1,068,949	282,354	24,600	307,067	1,682,970
Nerine Tan Sheik Ping	-	1,263,315	300,000	12,500	188,521	1,764,336
Non-Executive						
Tan Sri Dato' Seri Tan Kok Ping	80,000	-	100,000	-	598,393	778,393
Datuk Robert Yong Kuen Loke	80,000	-	13,000	11,598	186,753	291,351
Dato' Oon Weng Boon	80,000	-	-	-	23,900	103,900
Chan Kien Sing	80,000	-	20,000	-	282,593	382,593
	320,000	2,332,264	715,354	48,698	1,587,227	5,003,543

Remuneration of Key Senior Management

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

	Number of Key Senior Management
RM900,001 – RM950,000	1
RM2,250,001 – RM2,300,000	1
RM17,900,001 – RM17,950,000	1
	3

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee of the Company comprises exclusively Non-Executive Directors and majority all of whom are Independent Non-Executive Directors. The members are as follows:-

Dato' Oon Weng Boon	- Chairman/Independent Non-Executive Director
Datuk Robert Yong Kuen Loke	- Independent Non-Executive Director
Tan Sri Dato' Seri Tan Kok Ping	- Non- Independent Non-Executive Director

The Chairman of the Audit Committee is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the Audit Committee are set out in its Terms of Reference ("TOR") and a copy is available on the Company's website at www.berjaya.com/berjaya-sports-toto/.

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

The Board is assisted by the Audit Committee to oversee the Group's and Company's financial reporting process and the quality of financial reporting and ensuring that the financial statements comply with the provisions of the Companies Act 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia.

In presenting the annual audited financial statements to the shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's and Company's financial performance and prospects and ensure that the financial statements reviewed and recommended by the Audit Committee for Board's approval are prepared in accordance with the provisions of the Companies Act 2016, the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to present a true and fair view of the financial position, financial performance and cash flows of the Group and of the Company. In addition, the Audit Committee reviews the annual financial statements and quarterly financial results before they are submitted to the Board for approval.

Besides overseeing the Group's accounting and financial reporting process, the Audit Committee is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, to oversee and monitor the Group internal audit functions, reviews any related party transactions, oversees recurrent related party transactions, risk management activities and other activities such as governance matters. A full Audit Committee Report detailing its composition and a summary of activities during the financial year is set out in pages 50 to 53 of this Annual Report.

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

Based on the evaluation, the Nomination Committee concluded that the Audit Committee has been effective in its performance and has carried out its duties in accordance with its TOR during the FYE 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Assessment of External Auditors

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

The Audit Committee has adopted an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the Audit Committee to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditors, assessment of External Auditors, independence of External Auditors, non-audit services including the need to obtain approvals from the Chief Financial Officer (if any)/ Executive Director/ Head of Group Accounts or the Audit Committee for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA policy also included a requirement for a former audit partner to observe a cooling-off period for at least two (2) years before they can be considered for appointment as a member of the Audit Committee and/or the Board.

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

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

During the financial year, the amount of statutory audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the FYE 2020 were as follows:-

	Company		Group	
	FYE2020 RM'000	FPE2019 RM'000	FYE2020 RM'000	FPE2019 RM'000
Statutory audit fees paid/payable to:-				
- Ernst & Young PLT ("EY") Malaysia				
- Current financial year/ period	119	117	399	349
- Underprovision in previous financial year/period	39	9	124	21
- Affiliates of EY Malaysia	-	-	13	23
Total (a)	158	126	536	393
Non-audit fees paid/payable to:-				
- EY Malaysia	8	7	8	7
- Affiliates of EY Malaysia	6	5	30	35
Total (b)	14	12	38	42
% of non-audit fees (b/a)	8.86%	9.52%	7.09%	10.69%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Upon completion of the assessment, the Audit Committee will make recommendation for the re-appointment of the External Auditors to the Board. The Board upon acceptance of the recommendation, will then seek approval from the shareholders on the re-appointment of the External Auditors at the AGM.

Risk Management and Internal Control

The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity. Accordingly, the Directors are required to ensure that an effective system of internal control, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines is in place within the Group.

While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding the Company's assets and the shareholders' investments, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place risk management process to help the Board in identifying, evaluating and managing risks. The implementation and maintenance of the risk management process is carried out by the Risk Management Committee of the Group.

The Risk Management Committee currently comprises a majority of Independent Directors as follows:-

Datuk Robert Yong Kuen Loke	- Chairman/Independent Non-Executive Director
Dato' Oon Weng Boon	- Independent Non-Executive Director
Seow Swee Pin	- Executive Director

A Statement on Risk Management and Internal Control of the Group which provides an overview of the state of internal controls within the Group is set out on pages 47 to 49 of the Annual Report.

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

Communication with Stakeholders

The Company strives to maintain an open transparent channel of communication with its shareholders, institutional investors, analysts and the public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible. The provision of timely information is important to the shareholders and investors for informed decision making. However, whilst the Company endeavours to provide as much information as possible to its shareholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Currently, the Company's 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-sports-toto/ where shareholders can have easy access to the Company's corporate information such as the Board Charter, Terms of Reference of the Board Committees, Company Policies, press releases, financial information, Company announcements and others.

The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Conduct of General Meetings

The Company's AGM remains the principal forum for dialogue with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the shareholders. At each AGM, the Board presents the progress and performance of the Company's businesses and shareholders are encouraged to participate in the proceedings and question and answer session and thereafter to vote on all resolutions. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders in connection with the Audited Financial Statements.

The Chairman as well as the Chief Executive Officer will respond to shareholders' questions at the AGM. The Executive Director and other Directors will also respond when required. The Notice and agenda of AGM together with Form of Proxy are given to shareholders at least twenty-eight (28) days before the AGM, which gives sufficient time to prepare themselves to attend the AGM personally or to appoint a proxy to attend and vote on their behalf. Each item of the special business included in the Notice of AGM is accompanied by an explanatory statement on the proposed resolution to facilitate the full understanding and evaluation of issues involved.

Poll Voting

All the resolutions passed by the shareholders at the previous AGM held on 6 December 2019 were voted by way of a poll in accordance with the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities. The shareholders were briefed on the voting procedures by the Share Registrar namely, Berjaya Registration Services Sdn Bhd while the results of the poll were verified and announced by the independent scrutineer, Messrs LT Lim & Associates.

The Company Secretaries will announce the poll results of the AGM with details on the number of votes cast for and against for each resolution and the respective percentage on the same day to Bursa Securities. The minutes of the AGM will also be made available on the Company's website after it has been confirmed and signed by the Chairman of the AGM.

Leverage Technology for Remote Participation and Voting by Shareholders

In view of the Covid-19 pandemic and as part of the Company's precautionary measures and initiative, the forthcoming AGM of the Company will be held on a fully virtual basis through live streaming from the broadcast venue and online remote voting using the Remote Participation and Voting facilities ("RPV Facilities") provided by the Poll Administrator of the Company, SS E Solutions Sdn Bhd via Securities Services ePortal's platform at <https://sshbsb.net.my/>. This allows shareholders to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company via RPV Facilities.

Going forward, the Company may consider leveraging on the use of technology to facilitate voting in absentia and/or remote shareholders participation at general meetings, taking into consideration the number of shareholders, applicable laws and regulations and the cost and resources required vis-à-vis the benefits.

This CG Overview Statement was approved by the Board of Directors of the Company on 9 October 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

RESPONSIBILITY

The Board of BToto recognises that it is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. The Board’s responsibility in relation to the system of internal control extends to all 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 and achieve its 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. In order to achieve these objectives, the Board has identified, evaluated and managed the significant risks being faced by the Group by monitoring the Group’s performance and profitability at its Board meetings.

The Board has received assurance from the Chief Executive Officer and the Executive Director and is of the view that the Group’s risk management and internal control system are operating adequately and effectively, in all material aspects.

MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The management of the Group as a whole is assigned to the Chief Executive Officer and the Executive Director.

The Executive Director and management practise ‘close to operations’ policy and have various scheduled management meetings as well as carry out regular review of financial and operations reports. These provide the platform for timely identification of the Group’s risks and systems to manage risks. The Chief Executive Officer and the Executive Director update the Board on any significant matters which require the latter’s attention.

The management of the Group’s individual operating units is assigned to local management who are accountable for the conduct and performance of their businesses within the agreed business strategy. At Sports Toto, operations are divided into regions and areas due to the dispersed locations of agents’ outlets. Regional and area offices are staffed by experienced personnel to ensure that the operations of the outlets are well controlled and in line with the operating procedures. Similarly, the overseas operations are being managed by experienced personnel in their respective country offices. Regular reporting on performance of their businesses is provided to the Executive Director of BToto who is assigned to manage the respective overseas operations. In addition, the Chief Executive Officer and the Executive Director in charge also made field visits to these overseas operations as well as to conduct periodic performance review meetings with the management personnel, thus ensuring the business plans and targets are met.

The Board does not regularly review the internal control system of its associated companies, as the Board does not have any direct control over their operations. The Group’s interests are served through board representations on the board of associated companies and the review of their management accounts, and enquiries thereon. These representatives provide the Board with information for timely decision making on the continuity of the Board’s investments based on the performance of the associated companies.

RISK MANAGEMENT

A Risk Management Committee (“RMC”) has been established by the Company with the intention to further enhance the Group’s system of internal control and risk management and be in line with the Malaysian Code on Corporate Governance. The RMC together with the audit committee are entrusted with the overall responsibility to regularly review and monitor the risk management activities of the Group as well as to approve appropriate risk management procedures and measurement methodologies. This responsibility involves ensuring more effective and efficient identification, evaluation, management and reporting of the Group’s risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Risk Management Working Committee (“RMWC”), consisting of all heads of departments of the operating subsidiary companies, maintains a risk register which outlines the risk policies including the procedures of risk identification, risk tolerance and the evaluation and managing process. Any new risks identified or areas which exceeded the risk tolerance level defined will be evaluated with immediate action taken according to the procedures defined and promptly reported to the RMC together with a control strategy to manage the risk identified.

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 as well as their impact to the business units and are evaluated accordingly. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence.
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
- On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the RMC for review and deliberation.

During the financial year ended 30 June 2020, the RMC held 4 meetings to review the reports tabled by the RMWC. The RMC had evaluated and monitored the progress of any risk factors and internal control matters relating to the operations raised by the RMWC. The members of the RMC are Datuk Robert Yong Kuen Loke (Chairman), Dato’ Oon Weng Boon and Mr. Seow Swee Pin.

The RMC terms of reference include, inter alia:

- To ensure that the strategic context of the 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; and
- To act as steering committee for the group wide risk management programme.

WHISTLEBLOWING POLICY

The Group has in place a whistleblowing policy, which provides an avenue for employees, the Group’s third party service providers, independent contractors, vendors and suppliers and members of the public to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis and without fear of any form of victimisation, harassment, retribution or retaliation.

The whistleblowing policy was recently revised to clarify and further enhance the existing reporting procedures.

INTERNAL CONTROL PROCESSES

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

- The business units identify the areas of control relevant to their business, design the internal control procedures and document the procedures in manuals.
- The internal auditors of the Group establish the annual audit plan and table the plan to the Audit Committee (“AC”) for approval.
- The internal auditors perform the audit and present their audit reports to the AC, 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 AC with the duty of reviewing and monitoring the effectiveness of the Group’s system of internal control. The AC receives assurance reports from the internal auditors on findings from their visits to the operating units, on areas for improvement identified during the course of their audit. In addition to the internal audit report, the AC also reviews the management letter presented by the external auditors and takes the necessary action to remedy any significant weaknesses to the internal control system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The internal auditors provide the AC with independent and objective reports on the state of internal controls of the operating units within the Group to assist the AC in monitoring and assessing the effectiveness of the internal control system. Observations from internal audits are presented to the AC 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 AC.

The internal audit function of the gaming related segment is principally carried out by the Internal Audit Department of Sports Toto, the principal operating subsidiary of the Group. The internal audit function of the other overseas business segments is outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the AC.

The Board also reviews the minutes of the meetings of the AC. The Audit Committee Report is set out on pages 50 to 53 of the Annual Report.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

Some key features of BToto's system of internal control include:

- Clear organisation structure with defined reporting lines;
- Capable workforce with clear job descriptions, and continuous training efforts;
- Monitoring mechanisms in the form of timely financial and operations reports, and scheduled management meetings;
- Centralised human resource function which outlines procedures for recruitment, training, appraisal and the reward system.
- Structured procurement function to ensure approval procedures are adhered to;
- Formal operating and draw procedures which set out the expected standards for its operations;
- Surprise checks on agents to ensure compliance with the Group's policies and procedures;
- Physical security and systems access controls;
- Independent assurance on the system of internal control from regular internal audit visits;
- Business continuity planning; and
- Succession planning to ensure that key positions in the Group are always being held by capable employees who are well aware of the Group's risks, and operating policies and procedures.

REVIEW BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on the Statement on Risk Management and Internal Control ("SRMIC") pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (previously the Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the SRMIC included in the Annual Report issued by the Malaysian Institute of Accountants), for the financial year ended 30 June 2020, and reported to the Board that nothing has come to their attention that causes them to believe the SRMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SRMIC: Guidelines for Directors of Listed Issuers, nor is the SRMIC factually inaccurate. AAPG 3 does not require the auditors to consider whether the Directors' SRMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

CONCLUSION

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

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

AUDIT COMMITTEE REPORT

The Board of Directors of Berjaya Sports Toto Berhad (“BToto”) is pleased to present the report of the Audit Committee for the financial year ended 30 June 2020 (“FYE 2020”).

AUDIT COMMITTEE MEMBERS AND MEETING ATTENDANCES

The members of the Audit Committee comprise the following:-

Dato’ Oon Weng Boon

- *Chairman/Independent/Non-Executive Director*

Datuk Robert Yong Kuen Loke

- *Independent/Non-Executive Director*

Tan Sri Dato’ Seri Tan Kok Ping

- *Non-Independent/Non-Executive Director*

The Audit Committee held five (5) meetings during the FYE 2020. The details of attendance of the Audit Committee members are as follows:-

Name	Attendance
Dato’ Oon Weng Boon	5/5
Datuk Robert Yong Kuen Loke	5/5
Tan Sri Dato’ Seri Tan Kok Ping	4/5

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

The Chief Executive Officer, the Executive Director, the Assistant General Manager of Internal Audit of Sports Toto Malaysia Sdn Bhd (“Sports Toto”), the General Manager of Group Internal Audit and the Head of Group Accounts and Budgets were also invited to attend the Audit Committee meetings. The External Auditors were also invited to attend three (3) of these meetings. The Audit Committee also met with the External Auditors without the presence of executive Board members and the Management. In addition, the senior management of the relevant operations was also invited to provide clarification on the follow-up audit review and the adequacy of internal controls to be implemented to adhere these issues arising from the audit reports.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee are set out in its Terms of Reference, a copy of which is available at www.berjaya.com/berjaya-sports-toto/.

In discharging its duties and responsibilities, the Audit Committee had undertaken the following activities and work during the FYE 2020:-

AUDIT COMMITTEE REPORT

Financial Reporting

- (a) Reviewed the fifth period results, 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	Interim Financial Statements Reviewed
19 August 2019	Fifth period results for financial period ended 30 June 2019
9 October 2019	Draft statutory accounts of the Group for the financial period ended 30 June 2019
19 November 2019	First quarter results for financial year ended 30 June 2020
18 February 2020	Second quarter results for financial year ended 30 June 2020
2 June 2020	Third quarter results for financial year ended 30 June 2020

The above review is to ensure that BToto's fifth period results, 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 ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting as well as the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

- (b) Reviewed the audited financial statements of the Company and the Group for the financial period ended 30 June 2019 together with the Management and the External Auditors at its meeting held on 9 October 2019 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 period ended 30 June 2019 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. The Audit Committee, having been satisfied with the independence, suitability and performance of Messrs Ernst & Young PLT ("EY"), had recommended to the Board for approval of the re-appointment of EY as External Auditors for the ensuing financial year ended 30 June 2020 at its meeting held on 9 October 2019 for approval.
- (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 Audit Committee also had private discussions with EY on 19 August 2019 and 9 October 2019, without the presence of Management during the review of the audited financial statements for the period ended 30 June 2019 to discuss any problems/issues arising from the final audit and the assistance given by the employees during the course of audit by EY.
- (c) Reviewed with the External Auditors at the meeting held on 2 June 2020, their audit plan for the financial year ended 30 June 2020, outlining the audit scope, methodology and timetable, audit materiality, areas of audit emphasis, fraud consideration and the risk of management override, internal control considerations, digital audit, update on the New Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and also the new and revised auditors reporting standards.

AUDIT COMMITTEE REPORT

Internal Audit

- (a) Reviewed six (6) Internal Audit reports on the Company's operating subsidiaries namely Sports Toto and Philippine Gaming Management Corporation, during the financial year under review. Areas covered by the Internal Audit included branch audit, audit of Head Office operating departments, software verification, bigwin processing of single and/or share jackpot winners, recalculation/verification of Toto 4D, 4D Zodiac, 5D and 6D pools reports, major operating expenses and capital expenditures, finance, information technology, credit control, vehicle inventory, general security of the premises and general observations relating to the operating conditions of the premises.
- (b) The Audit Committee then considered the findings and recommendations made including the Management's responses thereto. The Internal Audit monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses were being properly addressed.
- (c) Reviewed and approved the Internal Audit Plan for the year 2020 to ensure that the scope and coverage of the internal audit on the operations of the BToto Group is adequate and comprehensive and that all the risk areas are audited annually.
- (d) Reviewed the performance, competence and effectiveness of the internal audit functions.

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 among others, 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 Group;
- (iii) Records of RRPT will be retained and compiled by the Group accountant for submission to the Audit Committee for review;
- (iv) The Audit Committee 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 parties than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the Group;
- (v) The Audit Committee also reviewed the procedures and processes with regards to the RRPT on a half yearly basis to ensure that the transactions are within the approved mandate;
- (vi) 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
- (vii) 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:-
 - the type of the RRPT made; and
 - the names of the related parties involved in each type of the RRPT made and their relationships with the Group.

AUDIT COMMITTEE REPORT

Related Party Transactions

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

During the financial year, the Audit Committee had reviewed the following related party transaction, prior to their recommendation to the Board for approval and to make the relevant announcement thereof:-

- (a) proposed acquisition of a residential unit in The Ritz-Carlton Residences, Kuala Lumpur by its wholly-owned subsidiary, Magna Mahsuri Sdn Bhd from Wangsa Tegap Sdn Bhd, an indirect subsidiary of Berjaya Corporation Berhad, the Company's ultimate holding company.

Other Activities

- (a) Reviewed and recommended to the Board for approval, the Audit Committee Report, Corporate Governance Report, Corporate Governance Overview Statement, Directors' Responsibility Statement in respect of the Audited Financial Statements and Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report.
- (b) Reviewed, discussed and took note of the new accounting standards and amendments that came into effect during the financial year including the assessment of adoption of new accounting standard – MFRS 16- Leases and other regulatory requirements with External Auditors and the Management and its impact on the financial statements.
- (c) Reviewed and assessed the financial literacy of Audit Committee members for the financial period ended 30 June 2019.

SUMMARY OF THE WORK OF THE INTERNAL AUDIT FUNCTION

The primary function of Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Their role is to provide the Audit Committee 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 function of the gaming related segment is principally carried out by the Internal Audit Department of Sports Toto, the principal operating subsidiary of the Group which is involved in the gaming operations. The internal audit function of the other overseas business segments is outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the Audit Committee.

During the FYE 2020, the Internal Audit Department carried out various audit assignments on Sports Toto. The areas audited included branch audit of company's sales offices, audit of Head Office operating departments, and IT audit. Audit assignments were also carried out on Philippine Gaming Management Corporation, an overseas associate. Internal audit reports were issued to the Audit Committee and the Sports Toto's Management, incorporating audit recommendations and Management's responses with regard to any audit findings on the weaknesses in the systems and controls of the operation. The Internal Audit Department also followed up with Management on the implementation of the agreed audit recommendations.

The total cost incurred for the internal audit function of the Company for the FYE 2020 was RM815,601.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Terms of Reference of the Audit Committee which laid down its duties is accessible via the Company's website at www.berjaya.com/berjaya-sports-toto/.

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

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

In preparing the financial statements, the Directors have:

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

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

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



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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies consist of:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- motor retailing, repair and maintenance and provision of aftersales and insurance services;
- development, manufacturing, distribution of computerised wagering and voting systems and provision of software support;
- property investment and development;
- operation of hotel; and
- investment holding and others.

Details of the subsidiary companies are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	133,705	107,283
Attributable to:		
Owners of the parent	132,697	107,283
Non-controlling interests	1,008	-
	<u>133,705</u>	<u>107,283</u>

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

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, 32 and 46 to the financial statements.

DIRECTORS' REPORT

DIVIDENDS

The amount of dividends paid by the Company since 30 June 2019 were as follows:

	RM'000
<u>In respect of the financial period ended 30 June 2019</u> <u>as reported in the Directors' Report of that period:</u>	
Fourth interim single tier dividend of 4.5 sen per share on 1,347,000,000 ordinary shares with voting rights, paid on 16 August 2019	<u>60,615 #</u>
<u>In respect of the financial year ended 30 June 2020:</u>	
First interim single tier dividend of 4 sen per share on 1,347,000,000 ordinary shares with voting rights, paid on 9 January 2020	53,880
Second interim single tier dividend of 4 sen per share on 1,347,000,000 ordinary shares with voting rights, paid on 9 April 2020	<u>53,880</u>
	<u>107,760</u>
The directors approved on 18 August 2020:	
A third interim dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held (equivalent to a dividend of approximately 2.4 sen per share), credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd on 8 October 2020	<u>31,764 *</u>

This dividend was accounted for in the shareholders' equity as an appropriation of retained earnings in the financial period ended 30 June 2019.

* The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as appropriation of retained earnings in the financial year ending 30 June 2021.

DIRECTORS

The names of the directors of the Company in office during the financial year and up to the date of this report are:

Tan Sri Dato' Seri Tan Kok Ping
Nerine Tan Sheik Ping
Seow Swee Pin
Chan Kien Sing
Datuk Robert Yong Kuen Loke
Dato' Oon Weng Boon

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

DIRECTORS' REPORT

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, as disclosed under Directors' Interests.

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 30(a) to the financial statements) 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 40 to the financial statements.

The Company maintained a Directors' & Officers' Liability insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium effected for any director and officer of the Company and of the Group during the financial year was RM38,808. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

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

The Company

Berjaya Sports Toto Berhad

	At 1.7.2019	Number of ordinary shares		At 30.6.2020
		Acquired	Disposed	
Chan Kien Sing	3,610	-	-	3,610
Seow Swee Pin	92,749	-	-	92,749
Datuk Robert Yong Kuen Loke	123,667	-	-	123,667

Intermediate Holding Company

Berjaya Land Berhad

	At 1.7.2019	Number of ordinary shares		At 30.6.2020
		Acquired	Disposed	
Nerine Tan Sheik Ping	2,000,000	-	-	2,000,000
Datuk Robert Yong Kuen Loke	360,808	-	-	360,808

DIRECTORS' INTERESTS (CONT'D)

Ultimate Holding Company Berjaya Corporation Berhad

	At 1.7.2019	Number of ordinary shares		At 30.6.2020
		Acquired	Disposed	
Tan Sri Dato' Seri Tan Kok Ping	18,681,892	-	-	18,681,892
Chan Kien Sing	49,118	-	-	49,118
Datuk Robert Yong Kuen Loke	1,051,545	-	-	1,051,545

Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value

	At 1.7.2019	Acquired	Converted	At 30.6.2020
Nerine Tan Sheik Ping	132,000	-	-	132,000
Chan Kien Sing	10,000	-	-	10,000
Datuk Robert Yong Kuen Loke	2,516,508	-	-	2,516,508

Number of Warrants 2012/2022

	At 1.7.2019	Acquired	Converted	At 30.6.2020
Chan Kien Sing	10,000	-	-	10,000
Datuk Robert Yong Kuen Loke	170,108	-	-	170,108

Related companies Cerah Bakti Sdn Bhd

	At 1.7.2019	Number of ordinary shares		At 30.6.2020
		Acquired	Disposed	
Tan Sri Dato' Seri Tan Kok Ping [^]	75,000	-	-	75,000

Cerah Tropika Sdn Bhd

	At 1.7.2019	Acquired	Disposed	At 30.6.2020
Tan Sri Dato' Seri Tan Kok Ping	90,000	-	-	90,000

[^] Indirect interests pursuant to Section 8 of the Companies Act 2016.

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

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 30(a) to the financial statements.

SHARE CAPITAL AND TREASURY SHARES

The number and carrying amounts of treasury shares as at 30 June were as follows:

	Number of shares		Carrying amounts	
	30.6.2020 Units '000	30.6.2019 Units '000	30.6.2020 RM'000	30.6.2019 RM'000
Balance as at beginning of financial year/period	4,030	4,030	12,320	12,320
Acquisition of additional treasury shares during the financial year/period	9,500	-	19,845	-
Total treasury shares as at end of financial year/period (Note 21)	<u>13,530</u>	<u>4,030</u>	<u>32,165</u>	<u>12,320</u>

As at 30 June 2020, the issued share capital of the Company with voting rights was 1,337,500,000 (2019 : 1,347,000,000) ordinary shares.

The number and carrying amounts of treasury shares subsequent to the financial year end and up to the date of this report are as below:

	Number of shares Units '000	Carrying amounts RM'000
Balance as at 30 June 2020	13,530	32,165
Acquisition of additional treasury shares	4,361	8,914
Distribution of treasury shares as share dividend (third interim dividend for the current financial year ended 30 June 2020)	(13,361)	(31,764)
Total treasury shares as at 9 October 2020	<u>4,530</u>	<u>9,315</u>

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position, statements of profit or loss and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values 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 current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability or financial guarantee of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The remuneration of the auditors is disclosed in Note 30 to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year and since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 October 2020

NERINE TAN SHEIK PING

SEOW SWEE PIN

STATEMENT BY DIRECTORS

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

We, NERINE TAN SHEIK PING and SEOW SWEE PIN, being two of the directors of BERJAYA SPORTS TOTO BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 65 to 202 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 at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 October 2020

NERINE TAN SHEIK PING

SEOW SWEE PIN

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

I, SEOW SWEE PIN, being the director primarily responsible for the financial management of BERJAYA SPORTS TOTO BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 65 to 202 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	}	
SEOW SWEE PIN at Kuala Lumpur in the Federal	}	
Territory on 9 October 2020	}	SEOW SWEE PIN
	}	MIA NO. 2962

Before me,

YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)

Commissioner for Oaths

Kuala Lumpur, Malaysia

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Group		Company	
		30.6.2020	30.6.2019	30.6.2020	30.6.2019
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	183,111	191,538	1,551	1,678
Right-of-use assets	4(a)	335,466	-	1,205	-
Investment in subsidiary companies	5	-	-	4,315,129	4,317,272
Investment in associated companies	6	119,269	70,580	5,305	14,823
Investment in joint venture	7	-	-	-	-
Long term investments	8	118,977	146,620	-	-
Investment properties	9	113,238	114,230	-	-
Deferred tax assets	10	22,827	27,433	-	-
Retirement benefit assets	22	-	2,667	-	-
Intangible assets	11	691,292	688,601	-	-
		1,584,180	1,241,669	4,323,190	4,333,773
Current assets					
Inventories	12	438,681	486,267	-	-
Receivables	13	559,398	458,635	727	71,727
Contract assets	14	6,631	8,599	-	-
Tax recoverable		12,309	36	418	-
Amounts due from subsidiary companies	15	-	-	303,803	263,728
Deposits with financial institutions	16	120,174	276,839	20,000	7,000
Cash and bank balances	16	187,594	145,546	2,042	2,588
		1,324,787	1,375,922	326,990	345,043
Assets of disposal group/Non-current asset classified as held for sale	17	-	49,080	-	-
		1,324,787	1,425,002	326,990	345,043
TOTAL ASSETS		2,908,967	2,666,671	4,650,180	4,678,816

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Group		Company	
		30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	135,103	135,103	135,103	135,103
Reserves	19	289,300	276,991	-	-
Retained earnings	20	345,596	321,658	3,559,082	3,559,559
Equity funds		769,999	733,752	3,694,185	3,694,662
Treasury shares	21	(32,165)	(12,320)	(32,165)	(12,320)
Net equity funds		737,834	721,432	3,662,020	3,682,342
Non-controlling interests		51,458	53,531	-	-
Total equity		789,292	774,963	3,662,020	3,682,342
Non-current liabilities					
Retirement benefit obligations	22	2,267	413	-	-
Long term borrowings	23	772,851	754,716	-	-
Other long term liabilities	24	1,966	2,021	137	253
Lease liabilities	4(b)	242,691	-	23	-
Contract liabilities	14	248	-	-	-
Amount due to a subsidiary company	28	-	-	739,263	697,478
Deferred tax liabilities	10	18,159	19,244	-	-
		1,038,182	776,394	739,423	697,731
Current liabilities					
Short term borrowings	25	434,702	366,157	-	-
Provisions	26	2,696	1,771	720	-
Payables	27	434,457	567,132	1,228	61,667
Lease liabilities	4(b)	30,745	-	1,221	-
Contract liabilities	14	178,370	152,295	-	-
Amounts due to subsidiary companies	28	-	-	245,568	236,979
Tax payable		523	15,866	-	97
		1,081,493	1,103,221	248,737	298,743
Liabilities directly associated with disposal group	17	-	12,093	-	-
		1,081,493	1,115,314	248,737	298,743
TOTAL LIABILITIES		2,119,675	1,891,708	988,160	996,474
TOTAL EQUITY AND LIABILITIES		2,908,967	2,666,671	4,650,180	4,678,816

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

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Revenue	29	4,635,664	6,693,389	161,770	260,277
Less: Revenue from discontinued operation		-	(113,734)	-	-
Revenue from continuing operations		4,635,664	6,579,655	161,770	260,277
Cost of sales		(3,790,046)	(5,372,659)	-	-
Gross profit		845,618	1,206,996	161,770	260,277
Selling and distribution expenses		(266,787)	(356,434)	-	-
General and administrative expenses		(339,135)	(384,328)	(16,029)	(19,510)
Profit before other income and expenses		239,696	466,234	145,741	240,767
Investment related income	31	12,452	4,009	-	-
Investment related expenses	32	(2,549)	(14,703)	(13,734)	(355,084)
Other income	33	42,446	33,169	17,914	26,161
Finance costs	34	(63,316)	(59,167)	(42,337)	(46,664)
Share of results of associated companies		(1,913)	(10,156)	-	-
Profit/(loss) before tax		226,816	419,386	107,584	(134,820)
Income tax expenses	35	(93,111)	(148,721)	(301)	(4,055)
Profit/(loss) for the financial year/period from continuing operations		133,705	270,665	107,283	(138,875)
Discontinued operation					
Loss for the financial period from discontinued operation		-	(40,702)	-	-
Profit/(loss) for the financial year/period		133,705	229,963	107,283	(138,875)
Attributable to:					
Owners of the parent					
- from continuing operations		132,697	268,023	107,283	(138,875)
- from discontinued operation		-	(41,175)	-	-
Non-controlling interests		1,008	3,115	-	-
		133,705	229,963	107,283	(138,875)
Earnings per share (sen)	36				
Attributable to owners of the parent:					
- from continuing operations		9.87	19.90		
- from discontinued operation		-	(3.06)		
Basic		9.87	16.84		
Dividend per share (sen)	37				
- First interim dividend				4.0	4.0
- Second interim dividend				4.0	4.0
- Third interim dividend				-	3.5
- Third interim dividend - share dividend				2.4	-
- Fourth interim dividend				-	4.5

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Profit/(loss) after tax		133,705	229,963	107,283	(138,875)
Other comprehensive income					
Continuing operations					
<u>Items that may be reclassified</u>					
<u>subsequently to profit or loss</u>					
Effects of foreign exchange differences		35,726	28,412	-	-
Share of other comprehensive item of an associated company		(138)	-	-	-
<u>Items that will not be reclassified</u>					
<u>subsequently to profit or loss</u>					
Net changes in fair value of investments at fair value through other comprehensive income ("FVTOCI")		(23,118)	(13,398)	-	-
Actuarial loss recognised in defined benefit pension scheme	22(ii)	(5,223)	(1,002)	-	-
Tax effect relating to defined benefit pension scheme	10	1,001	154	-	-
Share of other comprehensive (loss)/ income of an associated company		(19)	3	-	-
Total comprehensive income/ (loss) for the financial year/period		141,934	244,132	107,283	(138,875)
Total comprehensive income/ (loss) attributable to					
Owners of the parent		144,007	244,671	107,283	(138,875)
Non-controlling interests		(2,073)	(539)	-	-
		141,934	244,132	107,283	(138,875)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Attributable to Owners of the Parent

	Attributable to Owners of the Parent													
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	FVTOCI reserve RM'000	Reserve of non-current asset held for sale RM'000	Capital reserve RM'000	Other reserves				Total to owners of parent company RM'000	Non-controlling interests RM'000	Total equity RM'000	
Conso- lidation reserve RM'000							Revalua- tion reserve RM'000	Retained earnings RM'000	Distributable					
GROUP														
As at 1 May 2018	135,103	(12,320)	49,227	(20,070)	-	285,306	(58,870)	2,147	366,165	746,688	55,091	801,779		
Profit for the financial period	-	-	-	-	-	-	-	-	226,848	226,848	3,115	229,963		
Other comprehensive income for the financial period	-	-	30,913	(12,344)	-	-	-	-	(746)	17,823	(3,654)	14,169		
Effects arising from disposal of investments at FVTOCI	-	-	-	1,209	-	-	-	-	(1,209)	-	-	-		
Total comprehensive income for the financial period	-	-	30,913	(11,135)	-	-	-	-	224,893	244,671	(539)	244,132		
Transactions with owners														
Dividends (Note 37)	-	-	-	-	-	-	-	-	(269,400)	(269,400)	-	(269,400)		
Arising from increase in equity interest in a subsidiary company	-	-	-	-	-	-	(527)	-	-	(527)	(1,021)	(1,548)		
Transfer of reserves	-	-	-	-	2,147	-	-	(2,147)	-	-	-	-		
Total transactions with owners	-	-	-	-	2,147	-	(527)	(2,147)	(269,400)	(269,927)	(1,021)	(270,948)		
As at 30 June 2019	135,103	(12,320)	80,140	(31,205)	2,147	285,306	(59,397)	-	321,658	721,432	53,531	774,963		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Attributable to Owners of the Parent												
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	FVTOCI reserve RM'000	Reserve of non-current asset held for sale RM'000	Other reserves				Distributable		Total equity RM'000	
Capital reserve RM'000						Conso- lidation reserve RM'000	Revalua- tion reserve RM'000	Retained earnings RM'000	Total to owners of parent company RM'000	Non- controlling interests RM'000			
GROUP (CONT'D)													
As at 1 July 2019	135,103	(12,320)	80,140	(31,205)	2,147	285,306	(59,397)	-	321,658	721,432	53,531	774,963	
Profit for the financial year	-	-	-	-	-	-	-	-	132,697	132,697	1,008	133,705	
Other comprehensive income for the financial year	-	-	35,694	(20,641)	-	-	-	-	(3,743)	11,310	(3,081)	8,229	
Total comprehensive income for the financial year	-	-	35,694	(20,641)	-	-	-	-	128,954	144,007	(2,073)	141,934	
Effects arising from disposal of investments at FVTOCI	-	-	-	(597)	-	-	-	-	597	-	-	-	
Transfer of reserves	-	-	-	-	(2,147)	-	-	-	2,147	-	-	-	
Transactions with owners													
Dividends (Note 37)	-	-	-	-	-	-	-	-	(107,760)	(107,760)	-	(107,760)	
Purchase of treasury shares (Note 21)	-	(19,845)	-	-	-	-	-	-	-	(19,845)	-	(19,845)	
Total transactions with owners	-	(19,845)	-	-	-	-	-	-	(107,760)	(127,605)	-	(127,605)	
As at 30 June 2020	135,103	(32,165)	115,834	(52,443)	-	285,306	(59,397)	-	345,596	737,834	51,458	789,292	

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Share capital RM'000	Treasury shares RM'000	<u>Distributable</u> Retained earnings RM'000	Total equity RM'000
COMPANY				
As at 1 May 2018	135,103	(12,320)	3,967,834	4,090,617
Total comprehensive loss for the financial period	-	-	(138,875)	(138,875)
Transactions with owners				
Dividends (Note 37)	-	-	(269,400)	(269,400)
Total transactions with owners	-	-	(269,400)	(269,400)
As at 30 June 2019	<u>135,103</u>	<u>(12,320)</u>	<u>3,559,559</u>	<u>3,682,342</u>
As at 1 July 2019	135,103	(12,320)	3,559,559	3,682,342
Total comprehensive income for the financial year	-	-	107,283	107,283
Transactions with owners				
Dividends (Note 37)	-	-	(107,760)	(107,760)
Purchase of treasury shares (Note 21)	-	(19,845)	-	(19,845)
Total transactions with owners	-	(19,845)	(107,760)	(127,605)
As at 30 June 2020	<u>135,103</u>	<u>(32,165)</u>	<u>3,559,082</u>	<u>3,662,020</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	GROUP	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,935,993	6,998,446
Payments to prize winners, suppliers and for other operating expenses	(4,117,033)	(5,793,251)
Payments for pool betting duties, gaming tax, sales and service tax, goods and services tax and other government contributions	(547,781)	(702,671)
Payment of taxes	(116,561)	(145,966)
Refund of taxes	23	114
Other receipts	76	491
Net cash generated from operating activities	<u>154,717</u>	<u>357,163</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	440	11,245
Proceeds from disposal of long term investments	16,370	2,883
Proceeds from disposal of an investment property	30,327	-
Acquisition of property, plant and equipment (Note A)	(72,936)	(55,766)
Acquisition of additional equity interest in a subsidiary company	-	(1,548)
Acquisition of equity interest in associated companies	(2,985)	(4,485)
Acquisition of an investment property	-	(2,300)
Acquisition of long term investments	(3,007)	(50,350)
Cash and cash equivalents of a subsidiary company disposed (Note 17)	(9,955)	-
Part payment for a right-of-use asset (Note B)	(3,208)	-
Payment for other intangible assets	(1,170)	(16)
Dividends received	1,874	8,759
Interest received	8,839	15,005
Net advances from/(to) foreign associated companies by a foreign subsidiary company	9,415	(5,852)
Other receipts arising from investments	558	572
Other payment arising from investments	(66,481)	(4,049)
Net withdrawals from fund managers	-	86,642
Upliftment of deposits pledged to bank	77	-
Net cash (used in)/generated from investing activities	<u>(91,842)</u>	<u>740</u>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	GROUP	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of medium term notes	58,960	553,866
Repayment of medium term notes	(60,000)	(555,000)
Drawdown of borrowings	105,707	8,907
Repayment of borrowings	(20,484)	(36,040)
Repayment of hire purchase liabilities	(617)	(701)
Payment of lease liabilities	(28,045)	-
Interest paid	(62,578)	(60,557)
Dividends paid to shareholders of the Company	(168,356)	(262,665)
Treasury shares acquired	(19,845)	-
Net cash used in financing activities	<u>(195,258)</u>	<u>(352,190)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(132,383)	5,713
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR/PERIOD	429,506	415,272
Effects of exchange rate changes	7,873	8,521
CASH AND CASH EQUIVALENTS AS AT END OF YEAR/PERIOD (Note C)	<u>304,996</u>	<u>429,506</u>
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Note A Acquisition of property, plant and equipment		
Hire purchase	498	128
Provision for restoration cost	720	-
Cash	72,936	55,766
	<u>74,154</u>	<u>55,894</u>
Note B Addition of right-of-use assets		
Lease liabilities (Note 4(b))	82,925	-
Payables	10,800	-
Cash	3,208	-
	<u>96,933</u>	<u>-</u>
Note C Cash and cash equivalents comprise the following:		
Deposits with financial institutions (Note 16)	120,174	276,839
Cash and bank balances (Note 16)	187,594	145,546
	307,768	422,385
Less: Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(2,772)	(2,834)
	304,996	419,551
Including: Cash and cash equivalents classified as disposal group		
- Cash and bank balances (Note 17)	-	9,955
	<u>304,996</u>	<u>429,506</u>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Medium term notes RM'000	Borrowings and stocking loans RM'000	Hire purchase liabilities RM'000	Total RM'000
30.6.2020					
At 1 July 2019	-	798,866	322,007	1,137	1,122,010
Effect of MFRS 16 Lease upon initial adoption	217,327	-	-	-	217,327
Additional lease liabilities during the financial year	82,925	-	-	498	83,423
Drawdown of borrowings	-	58,960	105,707	-	164,667
Repayment of borrowings	-	(60,000)	(20,484)	-	(80,484)
Repayment of hire purchase liabilities	-	-	-	(617)	(617)
Payment of lease liabilities	(28,045)	-	-	-	(28,045)
Exchange differences	1,229	-	2,497	-	3,726
At 30 June 2020	<u>273,436</u>	<u>797,826</u>	<u>409,727</u>	<u>1,018</u>	<u>1,482,007</u>

	Medium term notes RM'000	Borrowings and stocking loans RM'000	Hire purchase liabilities RM'000	Total RM'000
30.6.2019				
At 1 May 2018	800,000	356,671	1,710	1,158,381
Drawdown of borrowings	553,866	8,907	-	562,773
Additional hire purchase liabilities	-	-	128	128
Repayment of borrowings	(555,000)	(36,040)	-	(591,040)
Repayment of hire purchase liabilities	-	-	(701)	(701)
Exchange differences	-	(7,531)	-	(7,531)
At 30 June 2019	<u>798,866</u>	<u>322,007</u>	<u>1,137</u>	<u>1,122,010</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	COMPANY	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment for operating expenses	(12,472)	(18,641)
Dividends received	232,359	253,176
Payment of taxes	(816)	(3,958)
Net cash generated from operating activities	219,071	230,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note A)	(19)	(7)
Proceeds from disposal of property, plant and equipment	-	260
Interest received	403	558
Acquisition of investment in an associated company	(2,061)	(1,138)
Advances given to subsidiary companies	(22,349)	(18,808)
Net cash used in investing activities	(24,026)	(19,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(168,356)	(262,665)
Interest paid	(174)	(47)
Payment of lease liabilities	(2,318)	-
Repayment of hire purchase liabilities	(109)	(224)
Treasury shares acquired	(19,845)	-
Net advances from/(repayment to) subsidiary companies	8,211	(8,717)
Net cash used in financing activities	(182,591)	(271,653)
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,454	(60,211)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR/PERIOD	9,588	69,799
CASH AND CASH EQUIVALENTS AS AT END OF YEAR/PERIOD (Note B)	22,042	9,588
Note A Acquisition of property, plant and equipment		
Provision for restoration cost	720	-
Cash	19	7
	739	7
Note B Cash and cash equivalents comprise the following:		
Deposits with financial institutions (Note 16)	20,000	7,000
Cash and bank balances (Note 16)	2,042	2,588
	22,042	9,588

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Hire purchase liabilities RM'000	Amounts due to subsidiary companies RM'000	Total RM'000
30.6.2020				
At 1 July 2019	-	362	934,457	934,819
Effect of MFRS 16 Lease upon initial adoption	3,522	-	-	3,522
Additional lease liabilities during the financial year	40	-	-	40
Repayment of hire purchase liabilities	-	(109)	-	(109)
Payment of lease liabilities	(2,318)	-	-	(2,318)
Net advances from a subsidiary company	-	-	8,211	8,211
Interest on advances from subsidiary companies	-	-	42,163	42,163
At 30 June 2020	1,244	253	984,831	986,328

	Hire purchase liabilities RM'000	Amounts due to subsidiary companies RM'000	Total RM'000
30.6.2019			
At 1 May 2018	586	896,869	897,455
Repayment of hire purchase liabilities	(224)	-	(224)
Repayment to subsidiary companies	-	(8,717)	(8,717)
Interest on advances from a subsidiary company	-	46,305	46,305
At 30 June 2019	362	934,457	934,819

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

1 ABBREVIATION AND CORPORATE INFORMATION

1.1 ABBREVIATION

The following abbreviations are applied throughout the financial statements:

the Group	- Berjaya Sports Toto Berhad and its subsidiary companies
BCorp	- Berjaya Corporation Berhad
BLand	- Berjaya Land Berhad
H.R. Owen	- H.R. Owen Plc
MFRSs	- Malaysian Financial Reporting Standards
PGMC	- Philippine Gaming Management Corporation
Sports Toto	- Sports Toto Malaysia Sdn Bhd
ECL	- Expected Credit Loss

1.2 CORPORATE INFORMATION

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:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- motor retailing, repair and maintenance and provision of aftersales and insurance services;
- development, manufacturing, distribution of computerised wagering and voting systems and provision of software support;
- property investment and development;
- operation of hotel; and
- investment holding and others.

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 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 intermediate holding and ultimate holding companies are BLand and BCorp respectively, both of which are incorporated and domiciled in Malaysia and are listed on the Main Market of Bursa Malaysia.

Related companies in the financial statements refer to member companies of the BCorp group of companies other than subsidiary companies of the Company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 October 2020.

NOTES TO THE FINANCIAL STATEMENTS

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2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000")/('000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiary companies and basis of consolidation

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

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 has 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) contractual arrangement with the other vote holders of the investee;
- (iv) rights arising from other contractual arrangements; and
- (v) 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, subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance to the specifications in MFRS 3: Business Combinations, 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, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree. For an acquisition that is a business combination, the related acquisition costs are recognised in profit or loss as incurred.

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 profit or loss.

Any excess of the cost of business combination, as the case maybe, 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 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 liability is re-measured at subsequent reporting dates in accordance with MFRS 9: Financial Instruments or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

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 in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

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.

When there is a share buyback by a subsidiary company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary company. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed are recognised directly in equity attributable to owners of the parent.

Changes in the Group's ownership interests in 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 interests 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiary companies and basis of consolidation (cont'd)

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 carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interest at the date when control is lost;

is recognised in 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 profit or loss or where applicable, transferred directly to retained earnings. Any investment retained is recognised at fair value.

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

(b) Associated companies and joint ventures

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

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

Investments in unquoted associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements and supplemented by management financial statements of the associated companies and the joint ventures made up to the Group's financial year end.

Investments in quoted associated companies which have different reporting date from the Group are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements and latest quarterly financial statements made up to a period end of no more than three months difference with the Group's reporting date, announced in the respective stock exchanges.

Uniform accounting policies are adopted for like transactions and events of similar circumstances upon applying equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

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2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(b) Associated companies and joint ventures (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise impairment loss on its investment in its associated companies or the joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associated companies or joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or the joint venture and its carrying value as impairment loss in 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 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 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 venture acquired or disposed of during the financial year, is included in the consolidated 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 a legal and constructive obligation or has made payment on behalf of the associated company or the joint venture.

Upon loss of significant influence over the associated company or loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated company or joint venture upon loss of significant influence or loss of joint control and the fair value of the retained investment and proceeds from the disposals is recognised in profit or loss.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) 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 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) Dealership rights

The cost of dealership rights acquired in a business combination is at their fair value at the date of acquisition. Following the initial recognition, the dealership rights are carried at cost less any accumulated impairment losses. The dealership rights are assessed and recognised based on the dealership agreements signed with the selected luxury brand car manufacturers that satisfied the criterion to be separately identified as intangible assets and highly likely to contribute significant future economic benefits. The dealership rights, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently, when indications of impairment are identified. The useful lives of dealership rights are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on prospective basis.

(iii) Customer relationships

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

NOTES TO THE FINANCIAL STATEMENTS

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2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Intangible assets (cont'd)

(iv) 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 the initial recognition, intangible assets are carried at cost less 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. Intangible assets with indefinite lives are not amortised, but tested for impairment annually or more frequently when indicators of impairment are identified. The useful lives of intangible assets with indefinite lives are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is made on a prospective basis.

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, when a property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

Freehold land has an unlimited useful life and therefore is not depreciated but is reviewed at each reporting date to determine whether there is an indication of impairment. Capital work-in-progress are also not depreciated as these assets are not available for use.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment and depreciation (cont'd)

Depreciation of other 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:

Buildings	2%
Plant and machinery	10% - 33%
Computer equipment	10% - 33%
Office equipment	10% - 67%
Furniture and fittings	10% - 20%
Motor vehicles	20% - 33%
Renovation	10% - 20%
Gym equipment	20%
Hotel and kitchen equipment and utensils	20%

The residual value, 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 gains or losses on the derecognition of the asset are included in profit or loss in the year the asset is derecognised.

(e) Investment properties

Investment properties are properties which are held either to earn rentals 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.

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

Right-of-use asset that meets the definition of investment property is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property is carried at fair value.

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 profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(e) Investment properties (cont'd)

When an item of investment property carried at fair value is transferred to property, plant and equipment following a change in its use, the property's deemed cost for subsequent accounting in accordance with MFRS 116: Property, Plant and Equipment shall be its fair value at the date of change in use.

When an item of property, plant and equipment 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 in other comprehensive income. However, if such fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of the investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings.

(f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any 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 is any indication 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 ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(f) Impairment of non-financial assets (cont'd)

An impairment loss is recognised in profit or loss in the period 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 fair value reserve for the same asset.

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, in the case of work-in-progress and finished goods, comprises raw materials, direct labour and an attributable proportion of production overheads. Cost is determined on the first-in first-out basis or by specific identification. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and the estimated costs necessary to make the sale.

(h) Fair value measurement

The Group measures financial instruments, such as, short term investments and derivatives, and certain non-financial assets such as investment properties, 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 the Group.

NOTES TO THE FINANCIAL STATEMENTS

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2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(h) Fair value measurement (cont'd)

The fair value of an asset or 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 41.

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 and liability and the level of the fair value hierarchy.

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Financial instruments (cont'd)

(a) Financial assets (cont'd)

The classification of financial assets at initial recognition depends on:

- (i) the financial asset's contractual cash flow characteristics; and
- (ii) the Group's and the Company's business model for managing them.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

Classification of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model. Such changes are expected to be very infrequent.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15: Revenue from Contracts with Customers, are measured at the transaction price determined under MFRS 15.

Subsequent measurement

Subsequent measurement of financial assets depends on its classification. The classification of financial assets are described below:

(i) **Amortised cost**

This category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Subsequent to initial recognition, the amortised cost of a financial asset is the amount at initial recognition minus principal repayments plus cumulative amortisation using the effective interest method and reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Fair value through other comprehensive income

Debt instruments

This category comprises investments in debt instrument, which are held within a business model whose objective is collecting contractual cash flows and selling the debt investments, and its contractual terms give rise to cash flows on specified dates that are SPPI on the principal amount outstanding. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses or reversals are recognised in profit or loss. Fair value changes are recognised in other comprehensive income.

On derecognition of these financial assets, fair value changes accumulated in other comprehensive income are recycled to profit or loss.

Equity instruments

This category comprises investments in equity instrument that are not held for trading, and where the Group irrevocably elects to account for subsequent changes in the investments' fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividends clearly represent part recovery of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition of these financial assets, fair value changes and other net gains and losses accumulated in other comprehensive income are not recycled to profit or loss.

(iii) Fair value through profit or loss

All financial assets not classified as amortised cost or fair value through other comprehensive income as described above are classified as fair value through profit or loss. This includes derivative financial assets (except for derivatives that are designated as effective hedging instruments). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be classified as financial asset at amortised cost or at fair value through other comprehensive income, as a financial asset at fair value through profit or loss, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iii) Fair value through profit or loss (cont'd)

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss. Other net gains or losses, including any interest or dividend income, are also recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- (i) The contractual rights to receive cash flows from the asset have expired; or
- (ii) The Group has transferred its rights to receive the cash flows from the assets and has transferred substantially all risks and rewards related to the asset; or
- (iii) The Group has transferred its rights to receive the cash flows from the assets and has not retained control of the assets; or
- (iv) The Group has assumed an obligation to pay the cash flows from the asset in full without material delay to a third party under a 'pass-through' arrangement.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, but is not able to derecognise the asset, the Group has to continue recognising the transferred asset to the extent of its continuing involvement and to recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group initially measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

Subsequent measurement

The Group measures the financial liabilities depending on their classification, as described below:

(i) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of a financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

(ii) Fair value through profit or loss

The fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated as fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. This includes derivative financial liabilities (except for derivatives that are designed as effective hedging instruments). The changes in fair value of these financial liabilities are recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability expires, or is discharged or cancelled. 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 a replacement or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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.

(j) Impairment of financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables.

ECLs are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are part of the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(j) Impairment of financial assets (cont'd)

ECLs are recognised in two stages. For credit exposures where there have not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures where there have been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established provision matrices that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group recognises impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in profit or loss and accumulated in the fair value reserve.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Cash and cash equivalents

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(l) Current and non-current classification

The Group presents assets and liabilities in the 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.

(m) Equity instruments

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

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

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, reissuance or cancellation of treasury shares. Consideration paid or received is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Borrowing costs

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 expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(o) Leases

A lease, as defined in MFRS 16: Leases, is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses at inception of a contract whether a contract is, or contains a lease in accordance to MFRS 16.

(i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, estimated cost to dismantle/restore the underlying asset, and lease payments made at or before the commencement date less any lease incentives received.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(o) Leases (cont'd)

(i) Group as a lessee (cont'd)

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. In the case where the lease transfers the ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset implies that the Group will exercise a purchase option, depreciation is calculated using the estimated useful life of the underlying asset. The depreciation period are as follows:

Hotel land and building	41 years
Buildings	1 to 74 years
Other equipment	1 to 20 years

"Lease term" refers to the non-cancellable period of a lease plus:

- (i) the period covered by an option to extend the lease if the Group is reasonably certain to exercise; and
- (ii) the period covered by an option to terminate if the Group is reasonably certain not to exercise.

The right-of-use assets are also subject to impairment as detailed in Note 2.2(f).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group, and payments of penalties for termination (if the lease term reflects the Group exercising the option to terminate the lease).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(o) Leases (cont'd)

(i) Group as a lessee (cont'd)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a reassessment (e.g. change in the lease term) or lease modification (e.g. change in scope of lease).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) Group as lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

Operating lease

Leases in which the Group retains substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases. Lease income from operating lease is accounted for on a straight-line basis or another systematic basis if another systematic basis is more representative of the pattern of benefit received. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. The underlying asset of an operating lease is included in the statements of financial position based on the nature of the asset.

Contingent rents are recognised in profit or loss in the period which they are earned.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(o) Leases (cont'd)

(ii) Group as a lessor (cont'd)

Finance lease

A finance lease is a lease contract which transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. At commencement of the contract, the Group recognises the finance lease as a receivable at an amount equal to the net investment in the lease. The net investment of a lease is the present value of the gross investments which includes fixed payments (including in-substance fixed payments) less any lease incentives payable, variable lease payments that depend on an index or a rate, residual value guarantees, exercise price of a purchase option and penalties for termination which are reasonably certain to be received.

Subsequent to the commencement date, finance income is recognised over the lease term on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Contingent rents from finance lease are recognised in profit or loss in the period which they are earned.

(p) Taxes

(i) Current tax

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

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(p) Taxes (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all taxable 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; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and interests in 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 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 interests in 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. The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(p) Taxes (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(iii) Indirect taxes

Indirect taxes include Gaming Tax, Sales and Service Tax and Goods and Services Tax (also known as Value Added Tax).

The amount of indirect taxes payable to taxation authority is included as part of payables in the statements of financial position.

Indirect taxes incurred on the purchase of assets or services which cannot be recovered from the respective tax authorities are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The difference between output and input of Goods and Services Tax, being the amount payable to or receivable from the respective taxation authorities at the reporting date, is included in other payables or other receivables respectively in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(q) Provisions

Provisions are recognised when the Group 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(r) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period 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 profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. Some of the Group's foreign subsidiary companies also make contributions to the statutory pension schemes of their respective countries.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(r) Employee benefits (cont'd)

(iii) Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

(a) Funded defined benefit plan

Certain foreign subsidiary companies of the Group provide funded pension benefits to its eligible employees.

The legal obligation for any benefits from this kind of pension plan remains with the Group even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long term benefit fund, as well as qualifying insurance policies.

The Group's net obligations in respect of defined benefit plans for certain foreign subsidiary companies are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The liability recognised in the statements of financial position for defined benefit plans is the discounted present value of the defined benefit obligation using an appropriate discount factor at the reporting date less the fair value of plan assets. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds. The calculation is performed by independent actuaries using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of limiting a net defined benefit asset to the asset ceiling (excluding net interest, if applicable) and the return on plan assets (excluding net interest), are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) the date of the plan amendment or curtailment; and
- (ii) the date that the Group recognises restructuring related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises service costs and net interest expense or income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(r) Employee benefits (cont'd)

(iii) Defined benefit plans (cont'd)

(b) Unfunded defined benefit plan

Certain foreign subsidiary companies within the Group operate unfunded defined retirement benefit schemes for their eligible employees. The obligation recognised in the statements of financial position under the scheme is calculated by independent actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) the date of the plan amendment or curtailment; and
- (ii) the date that the Group recognises restructuring related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises service costs and net interest expense or income in profit or loss.

The present value of the obligation under the scheme is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related post-employment benefit obligation.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(s) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (i.e. 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 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 profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss of the Company's 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 profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(s) Foreign currencies (cont'd)

(iii) Foreign operations

The results and financial position of the foreign operations that have a functional currency different from the presentation currency 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 other comprehensive income are translated at average exchange rates for the reporting period, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 May 2006 are treated as assets or liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiary companies before 1 May 2006 are deemed to be assets or liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(t) Financial guarantee contracts

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder of a guarantee for a loss it incurs because a specified guarantee debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract is recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk free rate of interest.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(t) Financial guarantee contracts (cont'd)

At the end of each subsequent reporting period, financial guarantees are measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with ECL; and
- (ii) the amount initially recognised less cumulative amount of income recognised in accordance with principles of MFRS 15, where appropriate.

(u) Revenue recognition

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts 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.

The Group recognises revenue from contracts with customers based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. A contract falls within the scope of MFRS 15 if it meets all the criteria sets out in this standard.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group needs to allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.
- (v) Recognise revenue when the Group satisfies a performance obligation or as the Group is satisfying a performance obligation by transferring a promised goods or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(u) Revenue recognition (cont'd)

Revenue is recognised at the point in time at which the performance obligation is satisfied. However, where the performance obligation is satisfied over time, the Group shall recognise revenue over time if the Group's performance:

- (i) Provides benefits that the customer simultaneously receives and consumes as the Group performs; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

The recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

(i) Lease income

Lease income is recognised on the basis as detailed in Note 2.2(o)(ii).

(ii) Dividend income

Dividend income is recognised when the shareholders' rights to receive the dividend payment are established.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method unless recoverability is in doubt, or where a loan is considered to be non-performing in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis until all arrears have been paid.

Interest income from investments in government securities and loan stocks are recognised on a time proportion basis that takes into account the effective yield of the asset.

(iv) Other income

All other income are recognised on accrual basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(v) Contract assets and liabilities

A contract asset is the right of the Group to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance with MFRS 9: Financial Instruments.

A contract liability is the obligation of the Group to transfer goods and services to a customer for which it has received consideration or an amount of consideration is due from the customer. If a customer pays consideration such as advance payment and down payments, or the Group has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss.

(w) 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(s) not wholly within the control of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(x) Segmental information

For management purposes, the Group is organised into operating segments based on their products and services which are managed by the segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management 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.

Segment revenue 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 income tax expenses and items arising on investing or financing activities. Revenue is attributed to geographical segments based on location where the sales are transacted.

Segment assets include all operating assets used by a segment and do not include tax assets and items arising on investing or financing activities. Assets are allocated to a geographical segment based on location of the assets. Segment liabilities comprise operating liabilities and do not include tax liabilities and items arising on investing or financing activities.

(y) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable MFRSs. Thereafter, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefit assets and financial assets) are measured in accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose a separate major line of business or geographical area of operations, or is a subsidiary company acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies

On 1 July 2019, the Group adopted the following new MFRS, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretation:

Effective for financial periods beginning on or after 1 January 2019

Amendments to MFRS 9	Financial Instruments: Prepayment Features with Negative Compensation
MFRS 16	Leases
Amendments to MFRS 119	Employee Benefits: Planned Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long Term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015-2017 Cycle - Amendments to MFRS 3	Business Combinations
Annual Improvements to MFRSs 2015-2017 Cycle - Amendments to MFRS 11	Joint Arrangements
Annual Improvements to MFRSs 2015-2017 Cycle - Amendments to MFRS 112	Income Taxes
Annual Improvements to MFRSs 2015-2017 Cycle - Amendments to MFRS 123	Borrowing Costs
IC Interpretation 23	Uncertainty over Income Tax Treatments

The Group has early adopted the Amendments to MFRS 16: COVID-19 - Related Rent Concessions on 1 July 2019, which is effective for financial years beginning on or after 1 June 2020.

Adoption of the above new MFRS, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretation did not have any significant effect on the financial performance or position of the Group except as disclosed below:

(a) MFRS 16: Leases

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

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessor will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group is the lessor.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies (Cont'd)

(a) MFRS 16: Leases (cont'd)

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application, if any, is recognised as an adjustment to retained earnings at 1 July 2019 ("date of initial application"). Accordingly, the comparative information presented for financial period ended 30 June 2019 has not been restated i.e. it is presented as previously reported under MFRS 117.

At the date of initial application, for leases that were previously classified as operating lease under MFRS 117 were measured at the present value of the remaining lease payments, discounted at the incremental borrowing rates as at that date. The weighted average rates applied was 3.29%. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has applied the following practical expedients upon the adoption of MFRS 16:

- (i) A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- (ii) Impairment losses on right-of-use assets as at 1 July 2019 have been measured by reference to the amount of any onerous lease provision recognised on 30 June 2019;
- (iii) Leases with a remaining term of twelve months or less from the date of initial application have been treated as short-term leases and not recognised on the statements of financial position;
- (iv) Hindsight was used in determining the lease term if the contract contains options to extend or terminate the lease; and
- (v) Initial direct costs were excluded from measuring the right-of-use asset at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies (Cont'd)

(a) MFRS 16: Leases (cont'd)

The effect of adopting MFRS 16 on opening balances as at 1 July 2019 is as follows:

	Increase/ (Decrease) RM'000
<u>Statements of Financial Position</u>	
<u>Group</u>	
Assets	
Property, plant and equipment (Note 3)	(52,346)
Right-of-use assets (Note 4(a))	270,246
Receivables	(573)
	217,327
Liabilities	
Lease liabilities (Note 4(b))	217,327
<u>Company</u>	
Assets	
Right-of-use assets (Note 4(a))	3,522
Liabilities	
Lease liabilities (Note 4(b))	3,522

The reconciliation between operating lease commitments disclosed by applying MFRS 117 as at 30 June 2019, and lease liabilities recognised in the statements of financial position as at 1 July 2019:

	Group RM'000	Company RM'000
Operating lease commitments as at 30 June 2019	316,488	5,910
Lease on low value item	(838)	-
Non lease component (i.e. service agreement)	(4,725)	(2,226)
Extension and termination options		
reasonably certain to be exercised	22,137	-
Lease effected subsequent to		
date of initial adoption as at 1 July 2019	(66,610)	-
	266,452	3,684
Discounting	(49,125)	(162)
Lease liabilities as at 1 July 2019	217,327	3,522

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies (Cont'd)

(a) MFRS 16: Leases (cont'd)

On the adoption of the Amendments to MFRS 16, the Group applies the practical expedients not to assess whether a COVID-19 related rent concession from a lessor to all rent concessions that meets all of the following conditions is a lease modification:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as or less than the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affect only payments due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The Group accounts for such COVID-19 related rent concession as a variable lease payments in the year in which the event or condition that triggers the reduced payment occurs and accordingly recognised in profit or loss.

2.4 Standards Issued but Not Yet Effective

At the date of authorisation for issue of these financial statements, the following new MFRS, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs were issued but not yet effective and have not been applied by the Group:

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-based payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web site Costs

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued but Not Yet Effective (Cont'd)

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139 Interest Rate Benchmark Reform - Phase 2
MFRS 7, MFRS 4 and MFRS 16

Effective for financial periods beginning on or after 1 January 2022

Annual Improvements to MFRS

Standards 2018 - 2020

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current

Effective date yet to be determined:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group is expected to apply the new MFRS, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations beginning from the respective dates the pronouncements become effective except for COVID-19 Related Rent Concessions (Amendments to MFRS 16 Leases) which has been early adopted during the financial year as disclosed in Note 2.3(a). The initial application of the abovementioned new MFRS, Annual Improvements to MFRSs, Amendments to MFRSs, and IC Interpretations are not expected to have any material impact to the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(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 lease income or for capital appreciation or both.

Some properties comprise a portion that is held to earn lease income or for capital appreciation and another portion that is held for own use. Since these properties cannot be sold separately and the portion held for own use is insignificant, the Group has classified the whole of its properties as investment properties.

(ii) Useful life of intangible assets

The Group considers that the goodwill and dealership rights arising respectively, from Toto betting operations and motor dealership have indefinite useful life because they are expected to contribute to the Group's net cash flows indefinitely. The Group intends to continue the Toto betting and motor dealership operations and is confident that these rights can be maintained indefinitely. Historically, there has been no compelling challenge to the renewal of these rights.

(iii) Determination of lease term and incremental borrowing rate of leases

The Group assesses, by applying significant judgement at lease commencement, whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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 and dealership rights

The Group determines whether goodwill and dealership rights are impaired at least on an annual basis. This requires an estimation of the VIU of the CGU to which goodwill and dealership rights are allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to apply a discount rate that reflects the specific risk relating to the respective CGU in order to calculate the present value of those cash flows. Details of the goodwill and dealership rights are disclosed in Note 11.

The Group carries goodwill of RM547,686,000 (2019 : RM547,686,000) in respect of the licence for Toto betting operations in Malaysia ("Licence"). In regard to the impairment review of the CGU for the Licence, the Group intends to continue with the annual renewal of the Licence indefinitely and considers that the annual renewal of the Licence is expected to contribute to the Group's net cash flows indefinitely. Historically, there has been no compelling challenge to the renewal of the Licence. The technology used in the gaming activities is supplied and with support provided by a subsidiary company of the Group and is not expected to be replaced by another technology at any time in the foreseeable future.

The Group had fully impaired the goodwill of RM75,949,000 on the lottery equipment lease agreement in the Philippines ("ELA") in the previous reporting period. This arose from the impairment test based on assessment of the fair value less cost to sell of the net assets of disposal group resulted from Berjaya Philippines Inc.'s disposal of its equity interests in PGMC during the financial year as disclosed in Note 46.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(ii) Provision for ECL of trade and other receivables and contract assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The Group develops the expected loss rates based on the historical credit loss experience with trade receivables of similar credit risk characteristics, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information.

Other than trade receivables and contracts assets, the Group assesses the credit risk of other receivables at each reporting date on an individual basis, to determine whether or not there have been significant increases in credit risk since the initial recognition of these assets. To determine whether there is a significant increase in credit risks, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Where there is a significant increase in credit risk, the Group determines the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or in full when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

In assessing credit risks for purposes of applying the ECL model, the Group considers the need to incorporate forward-looking factors and to estimate the probability of default, which are likely to be judgemental and subject to estimation uncertainties.

The information about the ECLs on the Group's trade and other receivables and contract assets are disclosed in Notes 13 and 14.

(iii) Inventory valuations

The Group holds significant inventories of used cars in the United Kingdom. Trade guides and other publications are used to assist in the assessment of the net realisable values of these cars at the reporting date and write-downs taken as necessary.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iv) Impairment of investment in subsidiary companies

The Company conducted an annual impairment review of its investment in subsidiary companies based on indicators of impairment. The impairment test is carried out based on assessment of the fair value less costs to sell of the investees' assets or CGU or based on the estimation of the VIU of the CGU of the investees. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to apply a discount rate that reflects the specific risk relating to respective CGU 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 VIU.

The annual impairment review resulted in the Company recognising an impairment loss amounting to RM2,143,000 (2019 : RM352,420,000) during the reporting period in respect of its investment in subsidiary companies as disclosed in Notes 5 and 32.

As at 30 June 2020, the carrying amount of investment in subsidiary companies of the Company was RM4,315,129,000 (2019 : RM4,317,272,000).

(v) Useful life of customer relationships

The customer relationships are recognised separately from goodwill on acquisition of a subsidiary company. The Group estimates the useful life of customer relationships to be up to 10 years which is determined based on customer attrition from the acquired relationships. The estimated useful live of customer relationships are reviewed periodically.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

3 PROPERTY, PLANT AND EQUIPMENT

Group

	Net carrying amount as at 1 July 2019		Effects of MFRS 16 adoption		Additions		Disposals		Write-off		Reclassification		Exchange differences		Depreciation		Net carrying amount as at 30 June 2020		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 30 June 2020																			
Freehold land	14,552	-	-	-	-	-	-	-	-	-	(7,677)	-	41	-	-	-	-	6,916	
Building - hotel	47,843	(47,843)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Buildings	7,549	(4,503)	15,726	-	-	-	-	-	-	7,677	-	1	1	(172)	-	-	-	26,278	
Plant and machinery	16,951	-	6,180	-	-	-	-	-	(374)	-	-	87	87	(5,904)	-	-	-	16,940	
Computer equipment	24,773	-	3,077	-	-	-	-	-	-	94	-	44	44	(7,327)	-	-	-	20,661	
Office equipment	2,764	-	646	-	-	-	-	-	(5)	-	-	6	6	(935)	-	-	-	2,476	
Furniture and fittings	1,140	-	99	-	-	-	-	-	(1)	-	-	1	1	(221)	-	-	-	1,018	
Motor vehicles	19,389	-	5,863	(809)	-	-	-	-	(2)	-	-	(27)	(27)	(5,151)	-	-	-	19,263	
Renovation	42,052	-	2,281	-	-	-	-	-	(6)	11,796	-	221	221	(9,857)	-	-	-	46,487	
Gym equipment	61	-	22	-	-	-	-	-	-	-	-	-	-	(18)	-	-	-	65	
Hotel and kitchen equipment and utensils	170	-	5	(2)	-	-	-	-	-	-	-	7	7	(29)	-	-	-	151	
Capital work-in-progress	14,294	-	40,255	-	-	-	-	-	-	(11,890)	-	197	197	-	-	-	-	42,856	
	191,538	(52,346)	74,154	(811)	(388)	-	-	-	578	(29,614)	-	-	-	-	-	-	-	183,111	

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	Net carrying amount as at 1 May 2018		Additions	Disposals	Write-off	Reclassification	Exchange differences	Depreciation	Reclassification to disposal group	Net carrying amount as at 30 June 2019
	RM'000	RM'000								
At 30 June 2019										
Freehold land	7,107	7,655	-	-	-	-	(210)	-	-	14,552
Building - hotel	46,130	-	-	-	-	-	3,029	(1,316)	-	47,843
Buildings	7,737	-	-	-	-	-	-	(188)	-	7,549
Plant and machinery	24,659	3,746	(3,210)	-	-	-	(580)	(7,664)	-	16,951
Computer equipment	14,353	18,386	(21)	(12)	(12)	190	1,799	(8,315)	(1,607)	24,773
Office equipment	3,499	904	-	(50)	(50)	-	29	(1,304)	(314)	2,764
Furniture and fittings	1,199	267	-	(34)	(34)	-	-	(292)	-	1,140
Motor vehicles	23,414	3,657	(1,318)	-	-	-	28	(5,809)	(583)	19,389
Renovation	54,585	6,884	(6,963)	(142)	(142)	-	(1,297)	(10,992)	(23)	42,052
Gym equipment	56	21	-	-	-	-	-	(16)	-	61
Hotel and kitchen equipment and utensils	117	70	(1)	-	-	-	18	(34)	-	170
Capital work-in-progress	180	14,304	-	-	-	(190)	-	-	-	14,294
	183,036	55,894	(11,513)	(238)	(238)	-	2,816	(35,930)	(2,527)	191,538

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000
<u>At 30 June 2020</u>			
Freehold land	6,916	-	6,916
Buildings	26,798	(520)	26,278
Plant and machinery	53,148	(36,208)	16,940
Computer equipment	54,787	(34,126)	20,661
Office equipment	13,482	(11,006)	2,476
Furniture and fittings	9,021	(8,003)	1,018
Motor vehicles	53,126	(33,863)	19,263
Renovation	124,725	(78,238)	46,487
Gym equipment	1,142	(1,077)	65
Hotel and kitchen equipment and utensils	1,166	(1,015)	151
Capital work-in-progress	42,856	-	42,856
	387,167	(204,056)	183,111
<u>At 30 June 2019</u>			
Freehold land	14,552	-	14,552
Building - hotel	58,327	(10,484)	47,843
Buildings	9,040	(1,491)	7,549
Plant and machinery	49,417	(32,466)	16,951
Computer equipment	52,278	(27,505)	24,773
Office equipment	13,107	(10,343)	2,764
Furniture and fittings	8,925	(7,785)	1,140
Motor vehicles	51,785	(32,396)	19,389
Renovation	113,757	(71,705)	42,052
Gym equipment	1,120	(1,059)	61
Hotel and kitchen equipment and utensils	1,095	(925)	170
Capital work-in-progress	14,294	-	14,294
	387,697	(196,159)	191,538

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

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

	30.6.2020	30.6.2019
	RM'000	RM'000
Motor vehicles	1,457	1,646

Company

	Net carrying amount as at 1 July 2019	Additions	Disposal	Depreciation	Net carrying amount as at 30 June 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 30 June 2020</u>					
Computer equipment	12	6	-	(6)	12
Office equipment	55	13	-	(19)	49
Furniture and fittings	122	-	-	(46)	76
Motor vehicles	1,353	-	-	(264)	1,089
Renovation	136	720	-	(531)	325
	1,678	739	-	(866)	1,551

	Net carrying amount as at 1 May 2018	Additions	Disposal	Depreciation	Net carrying amount as at 30 June 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>At 30 June 2019</u>					
Computer equipment	13	5	-	(6)	12
Office equipment	77	-	-	(22)	55
Furniture and fittings	176	2	-	(56)	122
Motor vehicles	1,846	-	(130)	(363)	1,353
Renovation	197	-	-	(61)	136
	2,309	7	(130)	(508)	1,678

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company (Cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000
<u>At 30 June 2020</u>			
Computer equipment	705	(693)	12
Office equipment	339	(290)	49
Furniture and fittings	5,598	(5,522)	76
Motor vehicles	2,316	(1,227)	1,089
Renovation	4,399	(4,074)	325
	13,357	(11,806)	1,551
<u>At 30 June 2019</u>			
Computer equipment	699	(687)	12
Office equipment	326	(271)	55
Furniture and fittings	5,598	(5,476)	122
Motor vehicles	2,316	(963)	1,353
Renovation	3,679	(3,543)	136
	12,618	(10,940)	1,678

Net carrying amount of property, plant and equipment of the Company held under hire purchase arrangements are as follows:

	30.6.2020 RM'000	30.6.2019 RM'000
Motor vehicles	368	500

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

Group	As at	Effects of	Exchange		Net carrying
	1 July 2019	MFRS 16	differences	Depreciation	amount as at
	RM'000	adoption	RM'000	RM'000	30 June 2020
		RM'000	RM'000	RM'000	RM'000
At 30 June 2020					
Hotel land and building	-	57,322	3,637	(1,436)	59,523
Buildings	-	212,607	784	(34,657)	275,612
Other equipment	-	317	-	(41)	331
	-	270,246	4,421	(36,134)	335,466

The right-of-use assets for buildings are in respect of lease contracts for office and business premises for the operation.

Group	Cost	Accumulated	Net carrying
	RM'000	depreciation	amount as at
	RM'000	RM'000	30 June 2020
		RM'000	RM'000
At 30 June 2020			
Hotel land and building	72,177	(12,654)	59,523
Buildings	311,290	(35,678)	275,612
Other equipment	372	(41)	331
	383,839	(48,373)	335,466

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(a) Right-of-use assets (Cont'd)

Group (cont'd)

- (a) As at the reporting date, a leasehold hotel building of the Group, with net carrying amount of RM59,523,000 which includes capitalised right-of-use land cost of RM9,842,000 upon adoption of MFRS 16 (2019 : RM47,843,000 with hotel building cost only), was pledged to a financial institution for credit facilities granted to a foreign subsidiary company as disclosed in Note 25.

Company

	As at 1 July 2019 RM'000	Effects of MFRS 16 adoption RM'000	Addition RM'000	Depreciation RM'000	Net carrying amount as at 30 June 2020 RM'000
At 30 June 2020					
Buildings	-	3,521	10	(2,351)	1,180
Other equipment	-	1	30	(6)	25
	-	3,522	40	(2,357)	1,205

The right-of-use assets for buildings are in respect of lease contracts for office premises.

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount as at 30 June 2020 RM'000
At 30 June 2020			
Buildings	3,531	(2,351)	1,180
Other equipment	31	(6)	25
	3,562	(2,357)	1,205

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

	Group RM'000	Company RM'000
As at 1 July 2019 upon adoption of MFRS 16 (Note 2.3(a))	217,327	3,522
Additions	82,925	40
Interest expense in lease liabilities (Note 34)	8,221	148
Lease payments	(36,266)	(2,466)
Exchange differences	1,229	-
As at 30 June 2020	<u>273,436</u>	<u>1,244</u>
Analysed as:		
- Non-current	242,691	23
- Current	30,745	1,221
As at 30 June 2020	<u>273,436</u>	<u>1,244</u>

Other information relating to lease contract

	Group 30.6.2020 RM'000	Company 30.6.2020 RM'000
Other income from sublease (Note 33)	2,565	-
Expenses relating to leases of low-value assets (Note 30)	590	-
<u>Cash flows items</u>		
Cash flows from operating activities:		
Included under payment for prize winners, suppliers and for other operating expenses:		
- Cash outflow for expenses relating to leases of low-value assets	590	-
Cash flows from financing activities:		
Payment for lease liabilities - interests	8,221	148
Payment for lease liabilities	28,045	2,318
Total lease payment	<u>36,266</u>	<u>2,466</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

5 INVESTMENT IN SUBSIDIARY COMPANIES

	<u>Company</u>	
	<u>30.6.2020</u>	<u>30.6.2019</u>
	RM'000	RM'000
Unquoted shares, at cost	6,717,472	6,717,472
Less : Accumulated impairment losses (Note 32)	(2,402,343)	(2,400,200)
	<u>4,315,129</u>	<u>4,317,272</u>

At the reporting date, the Company conducted impairment review of the investment in its subsidiary companies.

The review gave rise to the recognition of net impairment losses of investment in certain subsidiary companies as disclosed in Note 32 of RM2,143,000 (2019 : RM352,420,000) as the carrying values exceeded the value-in-use amounts estimated by the Company.

Details of the subsidiary companies are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			30.6.2020	30.6.2019
			%	%
Subsidiary companies of Berjaya Sports Toto Berhad				
Berjaya-ILTS Limited #	Hong Kong	Dormant, under deregistration process	100	100
FEAB Equities Sdn Bhd	Malaysia	Investment holding	100	100
FEAB Land Sdn Bhd	Malaysia	Property development and property investment	100	100
FEAB Properties Sdn Bhd	Malaysia	Property investment and investment holding	100	100
Magna Mahsuri Sdn Bhd	Malaysia	Property investment and investment holding	100	100
Sports Toto ^^	Malaysia	Toto betting operations	100	100
Sports Toto Fitness Sdn Bhd	Malaysia	Operation of health and fitness centre	100	100
STM Resort Sdn Bhd	Malaysia	Property investment	100	100

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			30.6.2020 %	30.6.2019 %
Subsidiary company of FEAB Land Sdn Bhd				
FEAB Realty Sdn Bhd	Malaysia	Dormant, under striking off process	100	100
Subsidiary companies of Magna Mahsuri Sdn Bhd				
Berjaya Sports Toto (Cayman) Limited ("BSTC")	Cayman Islands	Investment holding	100	100
Sports Toto Apparel Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Computer Sdn Bhd	Malaysia	Computer consultancy services	100	100
Sports Toto Products Sdn Bhd	Malaysia	Dormant	100	100
Subsidiary company of Berjaya Sports Toto (Cayman) Limited				
Berjaya Lottery Management (HK) Limited ("BLM") #	Hong Kong	Investment holding	100	100
Subsidiary companies of Berjaya Lottery Management (HK) Limited				
Berjaya Philippines Inc. ("BPI") *	Philippines	Investment holding	74.20 ^	74.20 ^
International Lottery & Totalizator Systems, Inc. *	United States of America	Development, manufacturing, distribution of computerised wagering systems and provision of software licences and support	100	100

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>30.6.2020</u>	<u>30.6.2019</u>
			%	%
Subsidiary companies of Berjaya Philippines Inc.				
eDoc Holdings Limited *	United Kingdom	Investment holding	100	100
Floridablanca Enviro Corporation *	Philippines	Service business of protecting and cleaning the environment	100	100
H.R. Owen *	United Kingdom	Investment holding	100	100
Perdana Hotel Philippines Inc. *	Philippines	Operation of a hotel in the Philippines	100	100
PGMC * (Note a)	Philippines	Leasing of online lottery equipment and provision of software support	-	100
Subsidiary companies of International Lottery & Totalizator Systems, Inc.				
ILTS Vietnam Company Limited *	Socialist Republic of Vietnam	Provision of lottery technical support services	100	100
Unisyn Voting Solutions, Inc. *	United States of America	Development, manufacturing, distribution of voting systems and provision of software licences and support	100	100
Subsidiary companies of H.R. Owen Plc				
Bodytechnics Limited *	United Kingdom	Maintenance and repair of motor vehicles	100	100

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			30.6.2020 %	30.6.2019 %
Subsidiary companies of H.R. Owen Plc (Cont'd)				
Bradshaw Webb (Chelsea) Limited *	United Kingdom	Investment holding	100	100
Broughtons of Cheltenham Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
Jack Barclay Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
Hatfield 6939 Limited *	United Kingdom	Property investment	100	100
Holland Park Limited *	United Kingdom	Provision of aftersales services	100	100
H.R. Owen Dealerships Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
H R Owen Insurance Services Limited *	United Kingdom	Provision of insurance agent and broker services	60	60
Pangbourne 6939 Limited *	United Kingdom	Property investment	100	100
Upbrook Mews Limited *	United Kingdom	Property investment	100	100
Heathrow Limited *	United Kingdom	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>30.6.2020</u> %	<u>30.6.2019</u> %
Subsidiary companies of H.R. Owen Plc (Cont'd)				
H.R. Owen Investments Limited *	United Kingdom	Dormant	100	100
H.R. Owen Leasing Limited *	United Kingdom	Dormant	100	100
H.R. Owen Motor Dealerships Limited *	United Kingdom	Dormant	100	100
H.R. Owen Motor Properties Limited *	United Kingdom	Dormant	100	100
H.R. Owen Vehicle Leasing Company Limited *	United Kingdom	Dormant	100	100
London Lotus Centre Limited *	United Kingdom	Dormant	100	100
Malaya Dealerships Limited *	United Kingdom	Dormant	100	100
Netprofit.com Limited ("Netprofit") *	United Kingdom	Dormant	100 @	100 @
Shepperton 6939 Limited *	United Kingdom	Dormant	100	100

* Audited by firms of auditors other than Ernst & Young PLT

Audited by other member firms of Ernst & Young Global

^ The total equity interests held by the Group in BPI is 88.26% (2019 : 88.26%) and it is held by the following companies respectively:

	<u>30.6.2020</u> %	<u>30.6.2019</u> %
(i) BLM	74.20	74.20
(ii) BSTC	14.06	14.06
	<u>88.26</u>	<u>88.26</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

@ The total equity interests held by H.R. Owen group in Netprofit is 100% (2019 : 100%) and it is held by the following companies respectively:

	30.6.2020	30.6.2019
	%	%
(i) H.R. Owen	50.00	50.00
(ii) Bradshaw Webb (Chelsea) Limited	50.00	50.00
	100.00	100.00

Note a On 1 July 2019, BPI disposed of 1,000,000 ordinary shares, representing 20% equity interest, in its wholly-owned subsidiary company, PGMC for a consideration of Philippine Peso ("PHP") 117.15 million (equivalent to approximately RM9.49 million). Subsequently on 3 July 2019, PGMC issued additional 5,000,000 ordinary shares with par value of PHP100 each ("Share Subscription"). BPI waived its rights to subscribe for the additional shares issued by PGMC. Upon completion of PGMC's Share Subscription on 3 July 2019, BPI's equity interest was further diluted to 39.99% from 79.99% and PGMC ceased as a subsidiary company and became an associated company of BPI, as disclosed in Note 6.

^^ The medium term notes issued by Sports Toto are secured by a third party first equitable charge over the unquoted shares of the said subsidiary company as disclosed in Note 23. The carrying value of the unquoted shares were RM3,625,624,000 (2019 : RM3,625,624,000) at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Subsidiary companies with material non-controlling interests

The subsidiary companies with non-controlling interests of which the Group regards as material are set out below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	30.6.2020	30.6.2019
		%	%
BPI (on consolidated basis)	Philippines	11.74	11.74

The summarised financial information presented below is the amount before inter-company elimination and after reflecting the fair value adjustments arising from business combination.

(i) Summarised statement of financial position

	30.6.2020	30.6.2019
	RM'000	RM'000
<u>BPI</u>		
Non-current assets	800,835	472,764
Current assets	961,881	894,499
Total assets	<u>1,762,716</u>	<u>1,367,263</u>
Non-current liabilities	246,182	19,260
Current liabilities	833,460	670,600
Total liabilities	<u>1,079,642</u>	<u>689,860</u>
Net assets	<u>683,074</u>	<u>677,403</u>
Equity attributable to equity holders of the Parent	631,616	623,872
Non-controlling interests	51,458	53,531
Total equity	<u>683,074</u>	<u>677,403</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Subsidiary companies with material non-controlling interests (Cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
<u>BPI</u>		
Revenue		
- from continuing operations	2,076,757	2,853,804
- from discontinued operation	-	113,734
	<u>2,076,757</u>	<u>2,967,538</u>
Profit/(loss) for the financial year/period attributable to:		
Owners of the parent		
- from continuing operations	1,445	61,471
- from discontinued operation	-	(41,175)
	1,445	20,296
Non-controlling interests	1,008	3,115
Profit for the financial year/period	<u>2,453</u>	<u>23,411</u>
Other comprehensive loss (net of tax) attributable to:		
- Owners of the parent	(23,360)	(27,154)
- Non-controlling interests	(3,081)	(3,654)
Other comprehensive loss for the financial year/period	<u>(26,441)</u>	<u>(30,808)</u>
Total comprehensive loss for the year/period	<u>(23,988)</u>	<u>(7,397)</u>
Total comprehensive loss attributable to:		
- Owners of the parent	(21,915)	(6,858)
- Non-controlling interests	(2,073)	(539)
Total comprehensive loss for the financial year/period	<u>(23,988)</u>	<u>(7,397)</u>

(iii) Summarised statement of cash flows

	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
<u>BPI</u>		
Net cash generated from/(used in):		
Operating activities	68,512	32,360
Investing activities	(80,954)	14,111
Financing activities	43,006	(42,371)
Net change in cash and cash equivalents	<u>30,564</u>	<u>4,100</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

6 INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Unquoted shares, at cost	126,634	82,846	29,447	27,386
Share of post-acquisition reserves	(4,927)	(2,857)	-	-
	121,707	79,989	29,447	27,386
Exchange differences	6,274	(697)	-	-
	127,981	79,292	29,447	27,386
Less: Accumulated impairment losses (Note 32)	(8,712)	(8,712)	(24,142)	(12,563)
	119,269	70,580	5,305	14,823

During the current financial year, the Company recognised impairment loss amounting to RM11,579,000 (2019 : RM2,467,000) as disclosed in Note 32, in respect of its unquoted associated company as the carrying value exceeded its recoverable amount.

Certain shares in an unquoted associated company of the Group with carrying amount of RM36,563,000 are pledged for credit facilities granted to a foreign subsidiary company of the Group during the financial year as disclosed in Note 25(a).

Details of the associated companies are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			30.6.2020 %	30.6.2019 %
Associated companies of Berjaya Sports Toto Berhad				
Berjaya Racing Management Sdn Bhd *	Malaysia	Dormant	20	20
Berjaya Lottery Vietnam Limited ("Berjaya Lottery Vietnam") (Note a)	Malaysia	Investment holding	20	20
Associated company of FEAB Properties Sdn Bhd				
Cashsystems Asia Technology Sdn Bhd *	Malaysia	Dormant, under liquidation	30	30
Associated companies of BPI				
PGMC * (Note 5(a))	Philippines	Leasing of online lottery equipment and provision of software support	39.99	-
Perdana Land Philippines Inc. *	Philippines	Acquire, develop and lease real estate	40	40

NOTES TO THE FINANCIAL STATEMENTS

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6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			30.6.2020 %	30.6.2019 %
Associated companies of BPI (Cont'd)				
Bermaz Auto Philippines Inc. * ("BAPI")	Philippines	Selling and distribution of Mazda brand vehicles within the territory of the Philippines	28.28	28.28
Berjaya Pizza (Philippines) Inc. *	Philippines	Development and operation of "Papa John's Pizza" chain of restaurants in the Philippines	48.38	48.38
Ssangyong Berjaya Motor Philippines Inc. * ("Ssangyong") (Note c)	Philippines	Selling and distribution of Ssangyong brand vehicles within the territory of the Philippines	21.67	21.67
Berjaya Auto Asia Inc. * ("Berjaya Auto Asia") (Note b)	Philippines	Selling and distribution of vehicles within the territory of the Philippines	30.00	-
Neptune Properties, Incorporated * ("Neptune")	Philippines	Engage in real estate business	41.46	41.46
Chailease Berjaya Finance Corporation * ("Chailease") (Note d)	Philippines	Provision of hire purchase and loan financing services	25	25
Cosway Philippines Inc. *	Philippines	Dormant	40	40
Associated company of eDoc Holdings Limited				
VideoDoc Limited *	United Kingdom	Provision of general and specialists medical practice services, under dissolution	20.15	20.15

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

* Audited by firms of auditors other than Ernst & Young PLT and Ernst & Young Global

The following transactions occurred during the financial year:

Note a On 29 June 2020, the Company subscribed for a total of 500,000 new ordinary shares of USD1.00 each issued by Berjaya Lottery Vietnam for a total cash consideration of USD500,000 (equivalent to approximately RM2,061,000). The Company's equity interest in this associated company remains unchanged, subsequent to the subscription.

Note b On 23 July 2019, BPI acquired 29,998 new ordinary shares in Berjaya Auto Asia for a total consideration of PHP29,998 (equivalent to approximately RM3,000), representing 30% in Berjaya Auto Asia.

Note c On 20 February 2020, BPI completed its subscription for a total 10,835,000 new ordinary shares in Ssangyong for a total consideration of PHP10,835,000 (equivalent to approximately RM921,000) of which the subscribed amount was paid in the previous financial period. The Group's equity interest in this associated company remains unchanged, subsequent to the subscription.

Note d On 2 August 2019, BPI completed its subscription for a total 50,000,000 new ordinary shares in Chailease for a total consideration of PHP50,000 (equivalent to approximately RM4,041,000) of which the subscribed amount was paid in the previous financial period. The Group's equity interest in this associated company remains unchanged, subsequent to the subscription.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(i) Summarised statement of financial position

	PGMC RM'000	BAPI RM'000	Neptune RM'000	Total RM'000
<u>At 30 June 2020</u>				
Non-current assets	3,807	73,431	86,640	163,878
Current assets	99,928	202,209	24,169	326,306
Total assets	<u>103,735</u>	<u>275,640</u>	<u>110,809</u>	<u>490,184</u>
Non-current liabilities	4,083	43,078	21	47,182
Current liabilities	1,151	99,690	95,576	196,417
Total liabilities	<u>5,234</u>	<u>142,768</u>	<u>95,597</u>	<u>243,599</u>
Net assets	<u>98,501</u>	<u>132,872</u>	<u>15,212</u>	<u>246,585</u>
Group's share of net assets	<u>39,391</u>	<u>36,563</u>	<u>6,307</u>	<u>82,261</u>
<u>At 30 June 2019</u>				
Non-current assets		28,216	81,520	109,736
Current assets		176,592	15,977	192,569
Total assets		<u>204,808</u>	<u>97,497</u>	<u>302,305</u>
Non-current liabilities		10,954	14	10,968
Current liabilities		74,435	79,872	154,307
Total liabilities		<u>85,389</u>	<u>79,886</u>	<u>165,275</u>
Net assets		<u>119,419</u>	<u>17,611</u>	<u>137,030</u>
Group's share of net assets		<u>32,929</u>	<u>7,302</u>	<u>40,231</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(ii) Summarised statement of profit or loss and other comprehensive income

	PGMC RM'000	BAPI RM'000	Neptune RM'000	Total RM'000
<u>For 12 months financial</u>				
<u>year ended 30 June 2020</u>				
Revenue	50,863	244,884	1,164	296,911
Profit/(loss) for the financial year	436	5,199	(3,503)	2,132
Other comprehensive loss	-	(67)	-	(67)
Total comprehensive income/(loss) for the financial year	436	5,132	(3,503)	2,065
Group's share of profit/(loss) for the financial year	174	1,470	(1,452)	192
Group's share of other comprehensive loss for the financial year	-	(19)	-	(19)
		BAPI RM'000	Neptune RM'000	Total RM'000
<u>For 14 months financial</u>				
<u>period ended 30 June 2019</u>				
Revenue		363,646	1,676	365,322
Profit/(loss) for the financial period		7,884	(3,625)	4,259
Other comprehensive income		11	-	11
Total comprehensive income/(loss) for the financial period		7,895	(3,625)	4,270
Group's share of profit/(loss) for the financial period		2,233	(1,503)	730
Dividend received during the financial period		5,402	-	5,402

NOTES TO THE FINANCIAL STATEMENTS

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6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associated companies

	PGMC RM'000	BAPI RM'000	Neptune RM'000	Total RM'000
<u>At 30 June 2020</u>				
Net assets as at 1 July 2019				
prior to equity contribution	-	116,439	17,611	134,050
Effect of adoption MFRS 16 : Leases	-	(1,636)	-	(1,636)
Net assets at the date of acquisition	92,087	-	-	92,087
Exchange differences	5,978	9,355	1,104	16,437
Profit/(loss) for the financial year	436	5,199	(3,503)	2,132
Other comprehensive loss	-	(67)	-	(67)
	<u>98,501</u>	<u>129,290</u>	<u>15,212</u>	<u>243,003</u>
Equity contribution from parent	-	3,461	-	3,461
Exchange differences	-	121	-	121
Net assets as at 30 June 2020	<u>98,501</u>	<u>132,872</u>	<u>15,212</u>	<u>246,585</u>
Interest in the associated companies	39.99%	28.28%	41.46%	
Group's equity interests	39,391	36,563	6,307	82,261
Goodwill	-	2,353	4,031	6,384
Carrying value of the Group's interest in the associated companies	<u>39,391</u>	<u>38,916</u>	<u>10,338</u>	<u>88,645</u>
		BAPI	Neptune	Total
		RM'000	RM'000	RM'000
<u>At 30 June 2019</u>				
Net assets as at 1 May 2018				
prior to equity contribution		120,460	20,129	140,589
Exchange differences		7,186	1,107	8,293
Profit/(loss) for the financial period		7,884	(3,625)	4,259
Other comprehensive income		11	-	11
Dividend paid during the financial period		(19,102)	-	(19,102)
		<u>116,439</u>	<u>17,611</u>	<u>134,050</u>
Equity contribution from parent		3,170	-	3,170
Exchange differences		(190)	-	(190)
Net assets as at 30 June 2019		<u>119,419</u>	<u>17,611</u>	<u>137,030</u>
Interest in the associated companies		28.28%	41.46%	
Group's equity interests		32,929	7,302	40,231
Goodwill		2,208	3,829	6,037
Carrying value of the Group's interest in the associated companies		<u>35,137</u>	<u>11,131</u>	<u>46,268</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(iv) Aggregate information of associated companies that are not individually material to the Group

	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
The Group's share of loss for the financial year/period	(2,105)	(10,886)
The Group's share of other comprehensive (loss)/profit for the financial year/period	(138)	3
The Group's share of total comprehensive loss for the financial year/period	<u>(2,243)</u>	<u>(10,883)</u>
Aggregate carrying amounts of the total Group's interests in these associated companies	<u>30,624</u>	<u>24,312</u>

The Group has discontinued the recognition of its share of losses of certain associated companies because the share of losses of these associated companies has exceeded the Group's interest in these associated companies. As at the reporting date, the Group's cumulative unrecognised share of losses in these associated companies amounted to PHP115,136,000 equivalent to RM9,924,000 (2019 : PHP89,173,000 equivalent to RM7,221,000).

7 INVESTMENT IN JOINT VENTURE

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
Unquoted share, at cost	* -	-

Details of the joint venture are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activity</u>	<u>Equity interest</u>	
			30.6.2020 %	30.6.2019 %
FEAB Cylabs Sdn Bhd ^	Malaysia	Dormant	50	50

* Denotes RM1

^ Audited by firms of auditors other than Ernst & Young PLT and Ernst & Young Global

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

8 LONG TERM INVESTMENTS

	Group		Company	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
- Quoted shares in Malaysia	80,149	96,081	-	-
- Quoted shares outside Malaysia	914	1,687	-	-
- Quoted warrants in Malaysia	584	1,154	-	-
- Quoted loan stocks in Malaysia	-	5,467	-	-
- Unquoted shares outside Malaysia	33,920	38,967	-	-
- Malaysian Government Securities	3,374	3,186	-	-
At fair value	118,941	146,542	-	-
Club memberships at cost	1,044	1,044	416	416
Less: Accumulated impairment losses	(1,008)	(966)	(416)	(416)
	36	78	-	-
	118,977	146,620	-	-

The investment in Malaysian Government Securities is deposited with the Malaysian Government in accordance with the Pool Betting Act, 1967 in connection with the issue of the pool betting licence and yields interest at 4.5% (2019 : 4.5%) per annum.

9 INVESTMENT PROPERTIES

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	114,230	136,719
Acquisition	-	2,300
Transfer to non-current assets classified as held for sale (Note 17)	-	(21,749)
Fair value adjustments (Note 32)	(1,020)	(2,030)
Exchange differences	28	(1,010)
At end of financial year/period	113,238	114,230
The carrying amount of investment properties held under lease terms are as follows:		
Buildings	1,650	1,800

The carrying amounts of the investment properties were valued by an independent valuer, who holds recognised qualifications and has relevant experience in valuing these types of properties. The fair values were determined based on comparison method.

NOTES TO THE FINANCIAL STATEMENTS

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10 DEFERRED TAX (ASSETS) / LIABILITIES

	Group		Company	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
At beginning of financial year/period	(8,189)	(9,510)	-	-
Recognised in the statement of profit or loss (Note 35)	3,756	2,395	-	-
Recognised in other comprehensive income	(1,001)	(154)	-	-
Transfer to disposal group (Note 17)	-	1,120	-	-
Recognised directly in intangible assets (Note 11)	1,094	(1,091)	-	-
Exchange differences	(328)	(949)	-	-
At end of financial year/period	(4,668)	(8,189)	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(22,827)	(27,433)	-	-
Deferred tax liabilities	18,159	19,244	-	-
	(4,668)	(8,189)	-	-

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

Deferred Tax Assets of the Group:

	Retirement cost obligation RM'000	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Total RM'000
30.6.2020				
At beginning of financial year	-	(31,178)	(1,258)	(32,436)
Recognised in the statement of profit or loss	382	4,286	146	4,814
Recognised in other comprehensive income	(1,001)	-	-	(1,001)
Exchange differences	(19)	(479)	(18)	(516)
At end of financial year	(638)	(27,371)	(1,130)	(29,139)
Less: set-off against deferred tax liabilities				6,312
				(22,827)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

10 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

Deferred Tax Assets of the Group (Cont'd):

	Retirement cost obligation RM'000	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Total RM'000
30.6.2019				
At beginning of financial period	(433)	(30,613)	(941)	(31,987)
Recognised in the statement of profit or loss	(440)	(68)	(281)	(789)
Recognised in other comprehensive income	(154)	-	-	(154)
Transfer to disposal group	1,123	-	(3)	1,120
Exchange differences	(96)	(497)	(33)	(626)
At end of financial period	<u>-</u>	<u>(31,178)</u>	<u>(1,258)</u>	<u>(32,436)</u>
Less: set-off against deferred tax liabilities				<u>5,003</u>
				<u>(27,433)</u>

Deferred Tax Liabilities of the Group:

	Intangible assets RM'000	Accelerated capital allowances RM'000	Investment properties RM'000	Others RM'000	Total RM'000
30.6.2020					
At beginning of financial year	9,274	7,810	2,694	4,469	24,247
Recognised in the statement of profit or loss	-	441	(274)	(1,225)	(1,058)
Recognised directly in intangible assets	1,094	-	-	-	1,094
Exchange differences	28	5	-	155	188
At end of financial year	<u>10,396</u>	<u>8,256</u>	<u>2,420</u>	<u>3,399</u>	<u>24,471</u>
Less: set-off against deferred tax assets					<u>(6,312)</u>
					<u>18,159</u>

NOTES TO THE FINANCIAL STATEMENTS

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10 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

Deferred Tax Liabilities of the Group (Cont'd):

	Intangible assets RM'000	Accelerated capital allowances RM'000	Investment properties RM'000	Others RM'000	Total RM'000
30.6.2019					
At beginning of financial period	10,674	8,439	1,474	1,890	22,477
Recognised in the statement of profit or loss	-	(515)	1,220	2,479	3,184
Recognised directly in intangible assets	(1,091)	-	-	-	(1,091)
Exchange differences	(309)	(114)	-	100	(323)
At end of financial period	<u>9,274</u>	<u>7,810</u>	<u>2,694</u>	<u>4,469</u>	<u>24,247</u>
Less: set-off against deferred tax assets					(5,003)
					<u>19,244</u>

Deferred Tax Assets of the Company:

	Other payables RM'000	Unabsorbed capital allowances RM'000	Total RM'000
30.6.2020			
At beginning of financial year	-	(18)	(18)
Recognised in the statement of profit or loss	(18)	18	-
At end of financial year	<u>(18)</u>	<u>-</u>	<u>(18)</u>
Less: set-off against deferred tax liability			18
			<u>-</u>
30.6.2019			
At beginning of financial period	(29)	(29)	(58)
Recognised in the statement of profit or loss	29	11	40
At end of financial period	<u>-</u>	<u>(18)</u>	<u>(18)</u>
Less: set-off against deferred tax liability			18
			<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

10 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

Deferred Tax Liability of the Company:

	Accelerated capital allowances RM'000
<u>30.6.2020</u>	
At beginning of financial year	18
Recognised in the statement of profit or loss	-
At end of financial year	18
Less: set-off against deferred tax assets	(18)
	-
<u>30.6.2019</u>	
At beginning of financial period	58
Recognised in the statement of profit or loss	(40)
At end of financial period	18
Less: set-off against deferred tax assets	(18)
	-

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

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Unutilised tax losses		
-Malaysian income tax	8,456	8,456
-foreign tax	10,259	10,259
Unabsorbed capital allowances	655	573
Others	427	373
	19,797	19,661

Deferred tax assets have not been recognised in respect of the above unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences of Malaysian resident entities as it is not probable that future taxable profits from a business source as defined by the Malaysian tax legislature will be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised.

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from years of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

10 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

However, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

The foreign unutilised tax losses are applicable to a foreign subsidiary company which are pre-determined by the tax legislations of that country. Deferred tax asset in respect of foreign unutilised tax losses has not been recognised as it is not probable that future taxable profits will be available against which the unutilised foreign tax losses can be utilised.

11 INTANGIBLE ASSETS

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
At carrying amount:		
Goodwill on consolidation		
At beginning of financial year/period	631,190	709,301
Reversal/(recognition) of deferred tax liability - changes in tax rate (Note 10)	1,094	(1,091)
Impairment loss (Note 32)	-	(75,949)
Exchange differences	713	(1,071)
At end of financial year/period	<u>632,997</u>	<u>631,190</u>
Dealership rights		
At beginning of financial year/period	54,557	56,220
Exchange differences	155	(1,663)
At end of financial year/period	<u>54,712</u>	<u>54,557</u>
Customer relationships		
At beginning of financial year/period	1,996	2,431
Amortisation (Note 30)	(314)	(368)
Exchange differences	8	(67)
At end of financial year/period	<u>1,690</u>	<u>1,996</u>
Other intangible asset		
At beginning of financial year/period	858	964
Additions	1,170	16
Amortisation (Note 30)	(160)	(177)
Exchange differences	25	55
At end of financial year/period	<u>1,893</u>	<u>858</u>
Total	<u><u>691,292</u></u>	<u><u>688,601</u></u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

11 INTANGIBLE ASSETS (CONT'D)

(a) Impairment test on goodwill, dealership rights and customer relationships

Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Toto betting operations	547,686	547,686
Motor dealership	72,842	71,545
Others	12,469	11,959
	632,997	631,190

Allocation of dealership rights and customer relationships and other intangible asset

Dealership rights and customer relationships are allocated solely to the Group's motor dealership operations. Other intangible asset is the capitalised software development costs that is allocated to the Group's manufacture and distribution of computerised wagering and voting systems operation.

(a) Impairment test on goodwill

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

The key assumptions used for value-in-use calculations are:

- (i) Budgeted gross margin and growth rate
The basis used to determine the value assigned to the budgeted gross margin is the average gross margin and the expected future growth rate based on growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.
- (ii) Discount rates
The significant post-tax discount rates, applied to post-tax cash flows, used for the respective identified CGUs are in the range of 7.8% to 11.8% (2019 : 7.8% to 11.8%).
- (iii) Terminal growth rates
The terminal growth rates used for identified CGUs are estimated with reference to published research and do not exceed the long term growth rate for the countries relevant to the CGUs. The applicable terminal growth rate is in the range of 1.0% to 1.5% (2019 : 1.0% to 1.5%) of which 1.5% (2019 : 1.5%) has been applied to the Toto betting operations segment.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

11 INTANGIBLE ASSETS (CONT'D)

(a) Impairment test on goodwill, dealership rights and customer relationships (Cont'd)

(a) Impairment test on goodwill (cont'd)

Sensitivity to changes in assumptions

The management believes that there are no reasonably possible change in any of the above key assumptions which would cause the carrying values of the goodwill to materially exceed their recoverable amounts.

(b) Impairment test on dealership rights and customer relationships

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

The key assumptions used for value-in-use calculations are:

(i) Budgeted gross margin and growth rate

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin and average growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Discount rate

The significant post-tax discount rate, applied to post-tax cash flows, used for the identified CGUs is 11.8% (2019 : 11.8%).

(iii) Terminal growth rate

The terminal growth rate used for identified CGUs is estimated with reference to published research and does not exceed the long term growth rate for the country relevant to the CGUs. The applicable terminal growth rate used is 1.0% (2019 : 1.0%).

Sensitivity to changes in assumptions

The management believes that there are no reasonably possible change in any of the above key assumptions which would cause the carrying values of the dealership rights and customer relationships to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

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12 INVENTORIES

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At cost:		
Vehicles	257,431	318,917
Gaming equipment components and parts	229	412
Raw materials	18,691	27,822
Work-in-progress	377	1,202
Ticket inventories	3,527	3,328
Parts and consumables	4,038	4,326
Finished goods and inventories for resale	1,302	5,640
	285,595	361,647
At net realisable value:		
Vehicles	135,287	104,912
Parts and consumables	17,799	19,708
	438,681	486,267

The cost of inventories recognised as an expense during the financial year/period amounted to RM1,796,189,000 (2019 : RM2,453,039,000).

The carrying amounts of inventories pledged for vehicle stocking loans amounted to RM351,771,000 (2019 : RM376,443,000).

13 RECEIVABLES

	Group		Company	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables	189,880	201,367	-	-
Other receivables	125,805	42,995	-	76
Refundable deposits	9,367	10,351	725	725
Amounts due from associated companies	180,946	149,949	-	-
	505,998	404,662	725	801
Less : Allowance for impairment				
- trade receivables	(3,981)	(3,703)	-	-
- other receivables	(339)	(200)	-	-
- Amounts due from associated companies	(7,929)	(7,204)	-	-
	493,749	393,555	725	801
<u>Other current non-financial assets</u>				
Dividend receivable	-	-	-	70,889
Other receivables	14,840	8,608	-	-
Prepayments	50,809	56,472	2	37
	559,398	458,635	727	71,727

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

13 RECEIVABLES (CONT'D)

The Group's trade receivables are non-interest bearing with credit term ranging from 1 to 60 days (2019 : 1 to 60 days). Included in the trade receivables of the Group is an amount due from a related company to a foreign subsidiary of the Group amounting to RM116,971,000 (2019 : RM86,603,000). The amount due from this related company is unsecured and considered as a significant concentration of credit risk to the Group.

Included in prepayments is an initial amount of RM7,931,000 (2019 : Nil) paid by a foreign subsidiary company to purchase a limited edition vehicle for resale at arm's length basis and in its normal commercial trading terms from its director. The total consideration for the purchase is RM21,150,000 with a balance outstanding sum of RM13,219,000 to complete the transaction.

(a) Trade receivables

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Neither past due nor impaired	67,928	88,681
Past due but not impaired	117,971	108,983
Impaired	3,981	3,703
	189,880	201,367

Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year/period.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM117,971,000 (2019 : RM108,983,000) that are past due at the reporting date but not impaired as there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

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

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
<u>Individually impaired</u>		
Trade receivables	3,981	3,703
Less: Allowance for impairment	(3,981)	(3,703)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

13 RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Movement in allowance accounts

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	3,703	1,589
- Net charge for the financial year/period (Note 30)	259	2,163
- Exchange differences	19	(49)
At end of financial year/period	3,981	3,703

The Group measures allowance for impairment losses of trade receivables based on lifetime ECL.

The expected credit losses on trade receivables are estimated by reference to historical loss experience of the trade receivables and an analysis of the trade receivable's current financial position, adjusted for forward-looking factors specific to the debtors and the general economic conditions, where applicable. The Group generally performs impairment assessment on trade receivables on an individual basis or on an account-by-account basis. However, for certain sectors, the Group has established provision matrices to facilitate the measurement of the expected credit losses by applying provision rates based on the days past due of the trade receivable balances.

(b) Other receivables

Movement in allowance accounts

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	200	207
- Net charge for the financial year/period (Note 30)	140	-
- Written off during the financial year/period	-	(5)
- Exchange differences	(1)	(2)
At end of financial year/period	339	200

(c) Amounts due from associated companies

Amounts due from associated companies of foreign subsidiary companies are unsecured, repayable on demand and interest bearing except for a total amount of RM35,349,000 (2019 : RM29,354,000) that is non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

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13 RECEIVABLES (CONT'D)

(c) Amounts due from associated companies (Cont'd)

Movement in allowance accounts

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
At beginning of financial year/period	7,204	-
- Net charge for the financial year/period (Note 32)	836	7,204
- Exchange differences	(111)	-
At end of financial year/period	<u>7,929</u>	<u>7,204</u>

14 CONTRACT ASSETS / (CONTRACT LIABILITIES)

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
Contract asset		
<u>Current</u>		
Wagering and voting systems contracts (a)	6,631	8,599
Contract liabilities		
<u>Non-current</u>		
Wagering and voting systems contracts (a)	(248)	-
<u>Current</u>		
Wagering and voting systems contracts (a)	(669)	(1,197)
Deposits received from customers for sale of motor vehicles (b)	(177,523)	(151,098)
Health and fitness services (c)	(178)	-
	<u>(178,370)</u>	<u>(152,295)</u>
	<u>(178,618)</u>	<u>(152,295)</u>

(a) Contract assets/(liabilities) from wagering and voting contracts

The movement of contract assets/(liabilities) is as follows:

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
<u>Current:</u>		
<u>Contract assets</u>		
At beginning of financial year/period	8,599	2,448
Add: Revenue recognised during the financial year/period	4,097	12,676
Less: Progress billings during the financial year/period	(6,422)	(6,771)
Exchange differences	357	246
At end of financial year/period	<u>6,631</u>	<u>8,599</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

14 CONTRACT ASSETS / (CONTRACT LIABILITIES) (CONT'D)

(a) Contract assets/(liabilities) from wagering and voting contracts (Cont'd)

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
<u>Contract liabilities</u>		
At beginning of financial year/period	(1,197)	(979)
Add: Deferred during the financial year/period	(917)	(278)
Less: Revenue recognised during the financial year/period	1,218	111
Exchange differences	(21)	(51)
At end of financial year/period	(917)	(1,197)

Revenue from wagering and voting systems contracts are recognised over time using the input method, which represent the milestones billings, which are either structured or negotiated with contract customers to reflect the physical stage of completion of the contracts.

The transaction price allocated to the unsatisfied performance obligations as at financial year/period end and the timing recognition of the remaining performance obligations are as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Within one year	669	1,197
More than one year but not later than five years	248	-
	917	1,197

(b) Contract liabilities from deposits received from customers for sale of motor vehicles

The movement of contract liabilities is as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
<u>Current:</u>		
<u>Contract liabilities</u>		
At beginning of financial year/period	(151,098)	(124,399)
Add: Deferred during the financial year/period	(177,523)	(151,095)
Less: Revenue recognised during the financial year/period	152,328	122,332
Exchange differences	(1,230)	2,064
At end of financial year/period	(177,523)	(151,098)

NOTES TO THE FINANCIAL STATEMENTS

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14 CONTRACT ASSETS / (CONTRACT LIABILITIES) (CONT'D)

- (b) Contract liabilities from deposits received from customers for sale of motor vehicles (Cont'd)

Contract liabilities represent the obligations to deliver the motor vehicles to the customers for which the Group has received the considerations (i.e. customer deposits received of which the motor vehicles production phase has commenced) from the customers.

The transaction price allocated to the unsatisfied performance obligations as at financial year/period end and the timing recognition of the remaining performance obligations are as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Within a year	177,523	151,098

- (c) Contract liabilities from health and fitness services

The movement of contract liabilities is as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
<u>Current:</u>		
<u>Contract liabilities</u>		
At beginning of financial year	-	-
Add: Deferred during the financial year	(178)	-
At end of financial year	(178)	-

Contract liabilities represent the obligations to provide services relating to health and fitness operations for which the Group has received the considerations from the customers.

The transaction price allocated to the unsatisfied performance obligations as at financial year/period end and the timing recognition of the remaining performance obligations are as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Within a year	178	-

NOTES TO THE FINANCIAL STATEMENTS

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15 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	30.6.2020	30.6.2019
	RM'000	RM'000
Amounts due from subsidiary companies	303,836	263,981
Less: Allowance for impairment	(33)	(253)
	303,803	263,728
Movement in allowance accounts:		
At beginning of financial year/period	253	169
Charge for the financial year/period (Note 32)	12	84
Written off	(232)	-
At end of financial year/period	33	253

Amounts due from subsidiary companies are unsecured, interest bearing and repayable on demand except for an amount of RM401,000 (2019 : RM346,000) which is non-interest bearing.

16 DEPOSITS WITH FINANCIAL INSTITUTIONS, CASH AND BANK BALANCES

	Group		Company	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with financial institutions	120,174	276,839	20,000	7,000
Cash and bank balances	187,594	145,546	2,042	2,588
	307,768	422,385	22,042	9,588
Fixed deposits with financial institutions comprise term deposits with:				
- Licensed banks	117,530	274,203	20,000	7,000
- Other financial institutions	2,644	2,636	-	-
	120,174	276,839	20,000	7,000

Included in the Group's deposits with financial institutions are deposits of RM2,772,000 (2019 : RM2,834,000) which are pledged to banks for facilities granted to subsidiary companies.

The weighted average effective interest rates per annum of deposits at the reporting date were as follows:

	Group		Company	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Licensed banks	2.00%	3.17%	1.75%	2.85%
Other financial institutions (restricted for use)	0.78%	0.90%	-	-

The average maturities of deposits as at the end of the financial year/period were as follows:

	Group		Company	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Licensed banks	3 days	11 days	1 day	3 days
Other financial institutions (restricted for use)	365 days	365 days	-	-

NOTES TO THE FINANCIAL STATEMENTS

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17 DISPOSAL GROUP / NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

The disposal group/non-current asset classified as held for sale as at 30 June 2019 consisted of:

- (a) the assets and liabilities of PGMC. The disposal and deemed disposal were completed during the current financial year as disclosed in Note 46. The outstanding consideration from the disposal amounting to PHP117.15 million (equivalent to approximately RM9.49 million) is classified under other receivables as at 30 June 2020. The operation of PGMC was classified as "discontinued operation" in the previous financial period in accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations and accordingly, its results were presented separately on the statements of profit or loss as "results from discontinued operation"; and
- (b) an investment property with the carrying amount of RM21,749,000. The foreign subsidiary entered into an agreement to dispose of the investment property in the previous financial period and the disposal was completed during the current financial year.

The details of assets and liabilities classified as disposal group and non-current asset held for sale as at 30 June 2019 were as follows:

	Group
	30.6.2019
	RM'000
<u>Carrying value as at 30 June 2019</u>	
Assets	
Property, plant and equipment (Note 3)	2,527
Deferred tax asset (Note 10)	1,120
Inventories	1,956
Receivables	11,773
Cash and bank balances	9,955
	<u>27,331</u>
Non-current asset classified as held for sale	
Investment property (Note 9)	21,749
Assets of disposal group/Non-current asset held for sale	<u>49,080</u>
Liabilities	
Payables	3,900
Retirement benefit obligation (Note 22)	2,403
Tax payable	608
Provision for legal claims	5,182
Liabilities of disposal group classified as held for sale	<u>12,093</u>
Cash and cash equivalents	
Cash and bank balances, representing cash and cash equivalents of the disposal group classified as held for sale as at 30 June 2019 and cash and cash equivalents of a subsidiary company disposed as disclosed in the Consolidated Statement of Cash Flows	<u>9,955</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

17 DISPOSAL GROUP / NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE (CONT'D)

The results of PGMC, which was classified as "discontinued operation", for the previous financial period ended 30 June 2019 were as follows:

	Group
	1.5.2018 to
	30.6.2019
	RM'000
Revenue	113,734
General and administrative expenses	(62,947)
Profit before other income and expenses	50,787
Investment related expenses	(75,949)
Other income	186
	(24,976)
Finance costs	(148)
Loss before tax of discontinued operation	(25,124)
Income tax expense	(15,578)
Loss for the financial period from discontinued operation	(40,702)

The cash flows attributable to discontinued operation were as follows:

Net cash generated from/(used in):

Operating activities	28,636
Investing activities	81
Financing activities	(148)
	28,569

18 SHARE CAPITAL

	Group and Company			
	Number of		Amount	
	ordinary shares		Amount	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	Units '000	Units '000	RM'000	RM'000
Issued and fully paid:				
At beginning/end of the financial year/period	1,351,030	1,351,030	135,103	135,103

The number of issued shares with voting rights as at 30 June are as follows:

	Number of	
	ordinary shares	
	30.6.2020	30.6.2019
	Units '000	Units '000
Total number of issued ordinary shares	1,351,030	1,351,030
Less : Ordinary shares held as treasury shares (Note 21)	(13,530)	(4,030)
	1,337,500	1,347,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

18 SHARE CAPITAL (CONT'D)

The holders of ordinary shares (other than treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares (other than treasury shares) rank equally with regard to the Company's residual assets.

19 RESERVES

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Capital reserve (Note a)	285,306	285,306
Reserve of non-current asset classified as held for sale (Note b)	-	2,147
Consolidation reserve (Note c)	(59,397)	(59,397)
Foreign currency translation reserve (Note d)	115,834	80,140
Fair value through other comprehensive income ("FVTOCI") reserve (Note e)	(52,443)	(31,205)
	<u>289,300</u>	<u>276,991</u>

- (a) The capital reserve represents non-distributable reserve transferred from post-acquisition retained earnings arising from bonus issue of shares of a subsidiary company.
- (b) The revaluation reserve arose from fair value adjustment (net of tax effect) relating to transfer of property, plant and equipment to investment property in accordance with MFRS 116 : Property, Plant and Equipment. This reserve was transferred to reserve of non-current asset classified as held for sale in the previous financial period in correspondence with its non-current asset classified as held for sale as disclosed in Note 17(b).
- (c) The consolidation reserve comprises the consolidation effects of changes in the Group's equity interests in subsidiary companies which do not result in loss of control.

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	(59,397)	(58,870)
Arising from increase in equity interest in a subsidiary company	-	(527)
At end of financial year/period	<u>(59,397)</u>	<u>(59,397)</u>

- (d) Foreign currency translation reserve

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	80,140	49,227
Currency exchange differences	35,694	30,913
At end of financial year/period	<u>115,834</u>	<u>80,140</u>

NOTES TO THE FINANCIAL STATEMENTS

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19 RESERVES (CONT'D)

(e) FVTOCI reserve

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	(31,205)	-
Effect of adoption of MFRS 9	-	(20,070)
Loss on fair value changes through other comprehensive income	(20,641)	(12,344)
Transfer to equity upon disposal/derecognition	(597)	1,209
At end of financial year/period	<u>(52,443)</u>	<u>(31,205)</u>

The FVTOCI reserve represents the cumulative fair value changes of FVTOCI financial assets until they are disposed of or impaired.

20 RETAINED EARNINGS

The entire retained earnings of the Company, subject to Section 131 of the Companies Act 2016 and after consideration of the implied reduction effect of treasury shares balance by the directors, is available for distribution as single tier dividends.

21 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	Units '000	Units '000	RM'000	RM'000
At beginning of financial year/period	4,030	4,030	12,320	12,320
Shares bought back during the financial year/period	9,500	-	19,845	-
At end of financial year/period	<u>13,530</u>	<u>4,030</u>	<u>32,165</u>	<u>12,320</u>

The renewal of the Company's plan and mandate relating to the share buyback was approved by the shareholders of the Company on 6 December 2019 granting the directors of the Company the authority to buyback its own shares up to 10% of the existing total issued number of issued shares, inclusive of all treasury shares that have been bought back.

NOTES TO THE FINANCIAL STATEMENTS

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22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS)

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	(2,254)	(1,732)
Recognised in statement of profit or loss	438	2,044
Recognised in statement of other comprehensive income	5,223	1,002
Employer's contribution	(1,153)	(1,385)
Transfer to disposal group (Note 17)	-	(2,403)
Exchange differences	13	220
At end of financial year/period	<u>2,267</u>	<u>(2,254)</u>
Presented after appropriate offsetting as follows:		
Retirement benefit assets	-	(2,667)
Retirement benefit obligations	<u>2,267</u>	<u>413</u>
	<u>2,267</u>	<u>(2,254)</u>

The foreign subsidiary companies maintained separate funded and unfunded retirement plans for its eligible employees. Actuarial valuations are made regularly to update the retirement benefit costs.

The amounts of retirement benefit obligation recognised in the statements of financial position are determined as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Present value of retirement benefit obligation	75,177	72,563
Fair value of plan assets	(72,910)	(74,817)
Deficit/(surplus) in plan assets	<u>2,267</u>	<u>(2,254)</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONT'D)

The movements in present value of the retirement benefit obligation recognised are as follows:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	72,563	73,321
Current service cost and interest cost	2,166	3,101
Actuarial loss	2,075	5,069
Benefits paid by the plan	(1,840)	(4,167)
Past service costs	-	1,277
Transfer to disposal group (Note 17)	-	(4,067)
Exchange differences	213	(1,971)
At end of financial year/period	75,177	72,563

The movements in fair value of plan assets are presented below:

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
At beginning of financial year/period	74,817	75,053
Interest income	1,728	2,334
(Deficit)/return on plan assets	(3,148)	4,067
Employer's contribution	1,153	1,385
Benefits paid by the plan	(1,840)	(4,167)
Transfer to disposal group (Note 17)	-	(1,664)
Exchange differences	200	(2,191)
At end of financial year/period	72,910	74,817

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONT'D)

The plan assets consist of the following:

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
Fixed income assets	72,632	74,599
Cash in bank	278	218
	72,910	74,817

The components of amounts recognised in the statements of profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

(i) Recognised in the statements of profit or loss:

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
Current service costs (net of gain on settlements) recognised in directors' remuneration and employee benefit expenses (Notes 30 and 30(b))		
<u>Current service costs</u>		
- continuing operations	485	523
- discontinued operation	-	225
	485	748
<u>Past service costs</u>		
- continuing operations	-	1,277
	485	2,025
Net interest (income)/costs (Note 34)		
- continuing operations	(47)	(100)
- discontinued operation	-	119
	(47)	19
Retirement benefits recognised in profit or loss	438	2,044

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONT'D)

(ii) Recognised in the statements of other comprehensive income:

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
Remeasurement (losses)/gain arising from:		
Actuarial changes in financial assumptions	(8,744)	(5,569)
Actuarial changes in demographic assumptions	3,382	572
(Deficit)/return on plan assets	(3,148)	4,067
Experience adjustments arising from defined benefit obligations	3,287	(72)
Actuarial loss recognised in other comprehensive income	(5,223)	(1,002)
Deferred tax benefit		
- Continuing operations	1,001	20
- Discontinued operation	-	134
	1,001	154
	(4,222)	(848)
Attributable to:		
Owners of the parent *		
- Continuing operations	(3,724)	(472)
- Discontinued operation	-	(277)
	(3,724)	(749)
Non-controlling interests	(498)	(99)
	(4,222)	(848)

* Recognised in retained earnings through other comprehensive income.

The current service and net interest costs are charged to profit or loss and presented as part of the employee benefit expenses and finance costs respectively.

The amounts recognised in other comprehensive income are included within items that would not be subsequently reclassified to profit or loss.

Presented below is the historical information related to the present value of the retirement benefit obligation, fair value of plan assets and deficit/(surplus) in the plan.

	30.6.2020 RM'000	30.6.2019 RM'000	30.4.2018 RM'000	30.4.2017 RM'000	30.4.2016 RM'000
Present value of the obligation	75,177	72,563	73,321	80,711	70,183
Fair value of the plan assets	(72,910)	(74,817)	(75,053)	(77,480)	(66,798)
Deficit/(surplus) in the plan	2,267	(2,254)	(1,732)	3,231	3,385

NOTES TO THE FINANCIAL STATEMENTS

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22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONT'D)

For the determination of retirement benefit obligation, the following actuarial assumptions were used:

	30.6.2020	30.6.2019
Discount rate	1.60%-4.10%	2.30%-6.09%

Sensitivity analysis for retirement benefit obligation

The management is of the view that any change in the assumptions will not have significant impact to the Group.

23 LONG TERM BORROWINGS

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Secured:		
At carrying value:		
Medium term notes ("MTN") (Note a)	797,826	798,866
Portion repayable within 12 months included under short term borrowings	(24,975)	(60,000)
	<u>772,851</u>	<u>738,866</u>
Term loans and other bank borrowings (Note b)	-	35,606
Portion repayable within 12 months included under short term borrowings	-	(19,756)
	<u>-</u>	<u>15,850</u>
Total borrowings	797,826	834,472
Portion repayable within 12 months included under short term borrowings	(24,975)	(79,756)
	<u>772,851</u>	<u>754,716</u>
Maturities of long term borrowings:		
- Later than one year but not later than two years	329,499	40,850
- More than two years but not later than five years	64,855	394,678
- More than five years	378,497	319,188
	<u>772,851</u>	<u>754,716</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

23 LONG TERM BORROWINGS (CONT'D)

	Maturity	Group	
		30.6.2020 RM'000	30.6.2019 RM'000
The maturities of the MTN as of reporting date are as follows:			
<u>Current:</u>			
4.65% p.a. fixed rate MTN	June 2020	-	60,000
4.75% p.a. fixed rate MTN	June 2021	24,975	-
Portion repayable within one year included under short term borrowings (Note 25)		24,975	60,000
<u>Non-current:</u>			
4.75% p.a. fixed rate MTN	June 2021	-	25,000
4.90% p.a. fixed rate MTN	September 2021	30,000	-
4.95% p.a. fixed rate MTN	June 2022	79,846	-
4.82% p.a. fixed rate MTN	June 2022	40,000	-
4.95% p.a. fixed rate MTN	June 2022	114,779	-
4.90% p.a. fixed rate MTN	June 2022	64,874	-
Portion repayable later than one year but not later than two years		329,499	25,000
4.90% p.a. fixed rate MTN	September 2021	-	30,000
4.95% p.a. fixed rate MTN	June 2022	-	80,000
4.82% p.a. fixed rate MTN	June 2022	-	40,000
4.95% p.a. fixed rate MTN	June 2022	-	114,678
4.90% p.a. fixed rate MTN	June 2022	-	65,000
5.14% p.a. fixed rate MTN	January 2024	25,000	25,000
5.05% p.a. fixed rate MTN	June 2024	39,855	40,000
Portion repayable later than two years but not later than five years		64,855	394,678
5.25% p.a. fixed rate MTN	June 2026	139,287	139,188
5.45% p.a. fixed rate MTN	June 2028	54,649	55,000
5.55% p.a. fixed rate MTN	June 2029	124,561	125,000
4.98% p.a. fixed rate MTN	June 2030	60,000	-
Portion repayable later than five years		378,497	319,188
		<u>797,826</u>	<u>798,866</u>

(a) The facility amount of the MTN programme is RM800.0 million (2019 : RM800.0 million).

The MTN programme of up to RM800.0 million in nominal value was established by a wholly-owned subsidiary, Sports Toto. As at 30 June 2020, total medium term notes amounting to RM800.0 million (2019 : RM800.0 million) in nominal value remain outstanding.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

23 LONG TERM BORROWINGS (CONT'D)

- (a) The medium term notes are secured by:
- (i) a third party first equitable charge over the entire issued share capital of a subsidiary company which is the issuer as disclosed in Note 5; and
 - (ii) corporate guarantee provided by the Company.
- (b) As at the last financial period, a term loan of a foreign subsidiary company amounting to RM13,278,000 was secured by an investment property of the Group that was presented as non-current asset classified as held for sale. It has been discharged as collateral of the term loan following the completion of its disposal during the financial year.

24 OTHER LONG TERM LIABILITIES

	Group		Company	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Hire purchase payables (Note a)	644	703	137	253
Loan from a related party of a foreign subsidiary company (Note b)	1,322	1,318	-	-
	<u>1,966</u>	<u>2,021</u>	<u>137</u>	<u>253</u>

- (a) Hire purchase payables

The present value of hire purchase payables are summarised as follows:

	Group		Company	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Non-current	644	703	137	253
Current	374	434	116	109
	<u>1,018</u>	<u>1,137</u>	<u>253</u>	<u>362</u>

- (b) The loan from a related party of a subsidiary company is unsecured, interest bearing and repayable after 12 months from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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25 SHORT TERM BORROWINGS

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Secured:		
Term loans	39,220	19,756
Revolving credit facility	10,575	-
Vehicle stocking loans	359,932	286,401
Medium term notes (Note 23)	24,975	60,000
	434,702	366,157

- (a) Certain term loans obtained by a foreign subsidiary company are secured by:
- (i) a hotel building of the Group as disclosed in Note 4(a);
 - (ii) parcels of land owned by a foreign associated company of the Group; and
 - (iii) certain unquoted shares held by the Group as disclosed in Note 6.
- (b) The revolving credit facility obtained by a foreign subsidiary company is secured by fixed and floating charges over the assets of the aforesaid foreign subsidiary company.
- (c) The vehicle stocking loans of RM359,932,000 (2019 : RM286,401,000) obtained by foreign subsidiary companies are secured by fixed and floating charges on certain vehicle inventories held.

The range of interest rates per annum at the reporting date for borrowings was as follows:

	Group	
	30.6.2020	30.6.2019
	%	%
Secured:		
Term loans	5.76 - 6.75	3.25 - 6.75
Revolving credit facility	2.39	-
Vehicle stocking loans	2.74 - 6.95	2.80 - 4.75
Medium term notes	4.75 - 5.55	4.65 - 5.25

NOTES TO THE FINANCIAL STATEMENTS

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26 PROVISIONS

	Group		Company	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Sales warranty				
At beginning of financial year/period	800	1,712	-	-
Additional/(reversal) provision during the financial year/period (Note 30)	398	(864)	-	-
Utilised during the financial year/period	(197)	(66)	-	-
Exchange differences	40	18	-	-
At end of financial year/period	1,041	800	-	-
Restoration costs				
At beginning of financial year/period	971	971	-	-
Additional provision during financial year	720	-	720	-
Reversal during the financial year	(36)	-	-	-
At end of financial year/period	1,655	971	720	-
Total	2,696	1,771	720	-

(a) Sales warranty

A foreign subsidiary provides 3 to 12 months (2019 : 3 to 12 months) warranties on certain products and undertakes to provide repairs or replacement of items that fail to perform satisfactorily. Provision for warranties is recognised for all products under warranty at the reporting date based on past experience on the level of repairs and returns.

(b) Dismantlement, removal or restoration of property, plant and equipment

Provision for dismantlement, removal or restoration is the estimated cost of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition and use of such assets, which are capitalised and included in the cost of property, plant and equipment and right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

27 PAYABLES

	Group		Company	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Trade payables	124,067	158,249	-	-
Other payables	44,496	25,211	178	109
Amount due to an associated company	53,210	-	-	-
Accruals	161,563	221,989	898	817
Agency deposits	37,580	37,373	-	-
Hire purchase payable within 12 months (Note 24)	374	434	116	109
	421,290	443,256	1,192	1,035
<u>Other current non-financial liabilities</u>				
Pool betting duty and other duties payable	12,218	31,883	-	-
Dividend payables	36	60,632	36	60,632
Other payables	-	26,627	-	-
Deferred lease income	913	4,734	-	-
	434,457	567,132	1,228	61,667

Included in accruals of the Group are accrued contribution to the National Sports Council and accrual for gaming tax payable to the Ministry of Finance.

Agency deposits represent deposits obtained from agents for operating Toto betting outlets. These deposits are refundable upon termination of operation contracts.

The normal trade credit terms granted to the Group ranges from 1 to 184 days (2019 : 1 to 184 days).

28 AMOUNTS DUE TO SUBSIDIARY COMPANIES

	Company	
	30.6.2020	30.6.2019
	RM'000	RM'000
Amounts due to subsidiary companies	984,831	934,457
Less : Amount payable within 12 months	(245,568)	(236,979)
Amount payable after 12 months	739,263	697,478

Amounts due to subsidiary companies are unsecured and interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

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29 REVENUE

Revenue of the Group and the Company are analysed into significant categories as follows and the intra-group transactions are excluded:

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
<u>Revenue from contract with customers:</u>				
Management fee income	-	-	300	350
Toto betting income	2,466,573	3,643,071	-	-
Sale of motor vehicles, charges for aftersales, insurance, repair and maintenance services rendered	2,065,903	2,841,502	-	-
Sale of lottery, voting systems, spare parts and licensing fee	84,792	73,914	-	-
Income from supply of goods and services from hotel operations	10,854	11,600	-	-
Income from health and fitness centre operation	1,644	2,566	-	-
	4,629,766	6,572,653	300	350
<u>Other revenue:</u>				
Leasing of lottery equipment income	-	113,734	-	-
Dividend income	-	-	161,470	259,927
Lease income and service charges from investment properties (Note 30)	5,898	7,002	-	-
	4,635,664	6,693,389	161,770	260,277
Less: Revenue from discontinued operation				
<u>Other revenue:</u>				
Leasing of lottery equipment income	-	(113,734)	-	-
Revenue from continuing operations	4,635,664	6,579,655	161,770	260,277
Timing of revenue recognition:				
- at point in time	4,603,882	6,398,805	-	-
- over time	25,884	173,848	300	350
	4,629,766	6,572,653	300	350

NOTES TO THE FINANCIAL STATEMENTS

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30 PROFIT BEFORE OTHER INCOME AND EXPENSES

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Profit before other income and expenses is stated after charging:				
Auditors' remuneration				
- Statutory audit:				
- auditors of the Company				
- current financial year/period	399	349	119	117
- underprovision in previous financial years	124	21	39	9
- other auditors (other than Ernst & Young PLT)				
- current financial year/period				
- continuing operations	1,106	1,001	-	-
- discontinued operation	-	33	-	-
- underprovision in previous financial years	14	-	-	-
- Other services				
- auditors of the Company	8	7	8	7
Amortisation of intangible assets (Note 11)	474	545	-	-
Depreciation of				
- property, plant and equipment (Note 3)				
- continuing operations	29,614	34,282	866	508
- discontinued operation	-	1,648	-	-
- right-of-use assets (Note 4(a))	36,134	-	2,357	-
Directors' remuneration:				
- fees				
- continuing operations	1,262	1,286	320	214
- discontinued operation	-	133	-	-
- salaries, bonuses and other emoluments	39,448	37,603	1,160	1,251
- defined contribution plans	4,728	4,073	64	83
- defined benefit plans (Note 22(i))	49	304	-	-
Operating lease:				
- minimum lease payment of premises	-	45,642	-	3,520
- minimum lease payment of equipment	-	1,855	-	8
Expenses relating to leases of low-value assets (Note 4(b))	590	-	-	-
Contribution to National Sports Council	28,692	50,366	-	-
Allowance for impairment				
- trade receivables (Note 13(a))	259	2,163	-	-
- other receivables (Note 13(b))	140	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

30 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Profit before other income and expenses is stated after charging (Cont'd):				
Loss on disposal of				
property, plant and equipment	393	471	-	-
Realised (gain)/loss on foreign exchange	(265)	184	(284)	-
Unrealised (gain)/loss on foreign exchange				
- continuing operations	(16)	1,995	-	-
- discontinued operation	-	(51)	-	-
Provision for sales warranty (Note 26)	398	-	-	-
Inventories written down	4,037	2,489	-	-
Direct operating expenses of				
investment properties:				
- revenue generating	2,853	3,317	-	-
- non-revenue generating	194	213	-	-
Property, plant and equipment written off:				
- included in general				
and administrative expenses	388	238	-	-
Employee benefit expenses (Note b): (excluding directors)	236,168	295,264	4,653	5,507
Profit before other income and expenses is stated after crediting:				
Gain on disposal of				
property, plant and equipment				
- continuing operations	22	140	-	130
- discontinued operation	-	63	-	-
Reversal of provision for				
sales warranty (Note 26)	-	864	-	-
Lease income and service charges				
- included in revenue (Note 29)	5,898	7,002	-	-
- included in other income (Note 33)	3,729	2,296	-	-

The estimated monetary value of benefits-in-kind received by the directors were RM94,000 (2019 : RM97,000) for the Group and RM12,000 (2019 : RM25,000) for the Company.

NOTES TO THE FINANCIAL STATEMENTS

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30 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

(a) Directors' remuneration

The aggregate directors' remuneration paid or payable to all directors of the Company and of the Group, categorised into appropriate components for the financial year/period received are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1.7.2019 to 30.6.2020 RM'000</u>	<u>1.5.2018 to 30.6.2019 RM'000</u>	<u>1.7.2019 to 30.6.2020 RM'000</u>	<u>1.5.2018 to 30.6.2019 RM'000</u>
<u>Directors of the Company</u>				
<u>Executive directors</u>				
Fees	-	62	-	-
Salaries, bonuses and other emoluments	3,410	3,848	-	-
Benefits-in-kind	37	45	-	-
<u>Non-Executive directors</u>				
Fees	320	214	320	214
Salaries, bonuses and other emoluments	1,224	1,334	1,224	1,334
Benefits-in-kind	12	25	12	25
	<u>5,003</u>	<u>5,528</u>	<u>1,556</u>	<u>1,573</u>
<u>Other directors of the Group</u>				
Fees	942	1,143	-	-
Salaries, bonuses and other emoluments	39,591	36,798	-	-
Benefits-in-kind	45	27	-	-
	<u>40,578</u>	<u>37,968</u>	<u>-</u>	<u>-</u>

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30 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

(b) Employee benefit expenses

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Continuing operations:				
Wages, salaries and other allowances	200,643	243,859	3,545	4,387
Social security costs and employee insurance	16,101	19,434	249	194
Bonuses	8,260	10,050	422	386
Pension costs				
- defined contribution plans	10,728	12,667	437	540
- defined benefit plans (Note 22(i))	436	1,496	-	-
Short term compensated absences	-	(113)	-	-
	<u>236,168</u>	<u>287,393</u>	<u>4,653</u>	<u>5,507</u>
Discontinued operation:				
Wages, salaries and other allowances	-	6,562	-	-
Social security costs and employee insurance	-	137	-	-
Bonuses	-	947	-	-
Pension costs				
- defined benefit plans (Note 22(i))	-	225	-	-
	<u>-</u>	<u>7,871</u>	<u>-</u>	<u>-</u>
Total employee benefit expenses	<u>236,168</u>	<u>295,264</u>	<u>4,653</u>	<u>5,507</u>

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31 INVESTMENT RELATED INCOME

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Dividend income from investments	1,874	3,357	-	-
Gain on disposal of an investment property	8,578	-	-	-
Net gain on disposal and remeasurement loss of retained equity interest in a former subsidiary company	2,000	-	-	-
Fair value gain on investments quoted in Malaysia	-	652	-	-
	12,452	4,009	-	-

32 INVESTMENT RELATED EXPENSES

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Continuing operations:				
Impairment in value of investment in subsidiary companies (Note 5)	-	-	2,143	352,420
Impairment in value of long term investments	42	113	-	113
Allowance for impairment in amounts due from subsidiary companies (Note 15)	-	-	12	84
Net fair value adjustments of investment properties (Note 9)	1,020	2,030	-	-
Fair value loss on FVTPL investments quoted in Malaysia	651	-	-	-
Impairment in value of investment in an associated company (Note 6)	-	5,356	11,579	2,467
Allowance for impairment in amounts due from associated companies (Note 13(c))	836	7,204	-	-
	2,549	14,703	13,734	355,084
Discontinued operation:				
Impairment of goodwill (Note 11)	-	75,949	-	-
	2,549	90,652	13,734	355,084

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33 OTHER INCOME

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Continuing operations				
Other income comprise:				
Interest income:				
- deposits with financial institutions	8,437	11,378	403	558
- advances to subsidiary companies	-	-	17,506	25,603
- advances to associated companies	7,266	7,730	-	-
- others	717	2,952	-	-
Others:				
- income from sublease (Notes 4(b) and 30)	2,565	-	-	-
- other lease income (Note 30)	1,164	2,296	-	-
- government grant received by a foreign subsidiary company	10,986	-	-	-
- miscellaneous	11,311	8,813	5	-
	42,446	33,169	17,914	26,161
Discontinued operation				
- deposits with financial institutions	-	177	-	-
- others	-	9	-	-
	42,446	33,355	17,914	26,161

34 FINANCE COSTS

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Continuing operations				
Interest on:				
- advances from subsidiary companies	-	-	42,163	46,305
- term loans	1,976	1,896	-	-
- medium term notes	40,904	43,484	-	-
- hire purchase	112	137	26	47
- vehicle stocking loans	11,728	12,821	-	-
- defined benefit pension scheme (Note 22(i))	(47)	(100)	-	-
- revolving credits	422	453	-	-
- lease interest (Note 4(b))	8,221	-	148	-
Other finance charges	-	476	-	312
	63,316	59,167	42,337	46,664
Discontinued operation				
- term loans	-	29	-	-
- defined benefit pension scheme (Note 22(i))	-	119	-	-
	63,316	59,315	42,337	46,664

NOTES TO THE FINANCIAL STATEMENTS

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35 INCOME TAX EXPENSES

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Continuing operations				
Current financial year/period tax expense:				
Malaysian income tax	78,557	127,585	284	1,197
Foreign tax	10,569	14,527	-	-
	89,126	142,112	284	1,197
Under/(over) provision in prior financial period/years:				
Malaysian income tax	442	4,186	17	2,858
Foreign tax	(213)	-	-	-
	229	4,186	17	2,858
	89,355	146,298	301	4,055
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	3,756	2,423	-	-
	93,111	148,721	301	4,055
Discontinued operation				
Current financial period tax expense - foreign tax	-	15,606	-	-
Deferred tax (Note 10): Relating to origination and reversal of temporary differences	-	(28)	-	-
	-	15,578	-	-
	93,111	164,299	301	4,055

Domestic current income tax is calculated at the statutory tax rate of 24% (2019 : 24%) of the estimated assessable profit for the financial year/period. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

35 INCOME TAX EXPENSES (CONT'D)

A reconciliation of income tax expense 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 the Company is as follows:

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Profit/(loss) before tax				
- Continuing operations	226,816	419,386	107,584	(134,820)
- Discontinued operation	-	(25,124)	-	-
	<u>226,816</u>	<u>394,262</u>	<u>107,584</u>	<u>(134,820)</u>
Tax at Malaysian statutory tax rate of 24% (2019 : 24%)	54,436	94,623	25,820	(32,357)
Different tax rates in the foreign subsidiary companies	2,046	721	-	-
Expenses not deductible for tax purposes	39,446	67,232	16,923	100,180
Income not subject to tax	(3,538)	(5,324)	(42,459)	(66,626)
Effect of share of associated companies' results	459	2,437	-	-
Effect of utilisation of previously unrecognised deferred tax assets	(4)	(14)	-	-
Deferred tax assets not recognised during the current financial year/period	37	438	-	-
Underprovision of tax expense in prior financial period/years	229	4,186	17	2,858
Tax expense for the financial year/period	<u>93,111</u>	<u>164,299</u>	<u>301</u>	<u>4,055</u>
Analysed as follows:				
- Continuing operations	93,111	148,721	301	4,055
- Discontinued operation	-	15,578	-	-
	<u>93,111</u>	<u>164,299</u>	<u>301</u>	<u>4,055</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

36 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit/(loss) for the financial year/period attributable to owners of the parent by the weighted average number of ordinary shares with voting rights in issue during the financial year/period excluding treasury shares held by the Company as follows:

	Group	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Attributable to owners of the parent:		
- Profit from continuing operations	132,697	268,023
- Loss from discontinued operation	-	(41,175)
	132,697	226,848
Weighted average number of shares with voting rights outstanding ('000)	1,344,264	1,347,000
Basic earnings per share (sen) for:		
Profit from continuing operations	9.87	19.90
Loss from discontinued operation	-	(3.06)
	9.87	16.84

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the financial year/period.

NOTES TO THE FINANCIAL STATEMENTS

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37 DIVIDENDS PER SHARE

	Company			
	1.7.2019 to 30.6.2020		1.5.2018 to 30.6.2019	
	Dividends per share Sen	Amount of dividend RM'000	Dividends per share Sen	Amount of dividend RM'000
Recognised during the financial year/period:				
<u>In respect of preceding financial period</u>				
- 4th interim - 4 sen single tier per share approved in respect of financial year ended 30 April 2018	-	-	4.00	53,880
<u>In respect of current financial year/period</u>				
- 1st interim - 4 sen single tier per share (30.6.2019 : 4 sen single tier per share)	4.00	53,880	4.00	53,880
- 2nd interim - 4 sen single tier per share (30.6.2019 : 4 sen single tier per share)	4.00	53,880	4.00	53,880
- 3rd interim - share dividend equivalent to approximately 2.4 sen per share # (30.6.2019 : 3.5 sen single tier per share)	-	-	3.50	47,145
- 4th interim - Nil (30.6.2019 : 4.5 sen single tier per share)	-	-	4.50	60,615
		<u>107,760</u>		<u>269,400</u>

On 18 August 2020, the directors of the Company approved a third interim dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 ordinary shares held (equivalent to a dividend of approximately 2.4 sen per share), which was credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd on 8 October 2020. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2021.

38 FINANCIAL GUARANTEE

The financial guarantees provided to financiers for subsidiary and related companies are no longer disclosed as contingent liabilities but would instead be accounted as financial liabilities if considered likely to crystallise. For the current financial year, the Group and the Company have assessed the financial guarantee contracts and determined that the guarantees are not likely to be called upon by the banks.

NOTES TO THE FINANCIAL STATEMENTS

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39 CAPITAL AND LEASE COMMITMENTS

(a) Capital commitments

	Group		Company	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Capital expenditures:				
- Approved and contracted for	159,249	273,561	-	-
- Approved but not contracted for	7,477	13,314	-	-
	166,726	286,875	-	-

(b) Non-cancellable operating lease commitments - Group and Company as lessees

In the previous financial period, the Group entered into operating lease agreements for the use of certain premises, vehicles and equipment. These non-cancellable leases have an average life between 1 to 22 years with certain renewal options in the contracts.

The capital and operating lease commitments for disposal group classified as held for sale were excluded.

The future aggregate minimum lease payments under operating leases contracted for as at the previous financial period reporting date but not recognised as liabilities, are as follows:

	Group	Company
	30.6.2019 RM'000	30.6.2019 RM'000
<u>As reported under MFRS 117</u>		
Future minimum lease payable:		
Not later than one year	40,046	3,941
Later than one year but not later than five years	118,998	1,969
Later than five years	157,444	-
	316,488	5,910

Upon adoption of MFRS 16, the present value of future minimum lease payments for operating leases have been accounted for as part of the lease liabilities as disclosed in Note 4(b).

(c) Non-cancellable operating lease commitments - Group as lessors

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
Future minimum lease income receivable:		
Not later than one year	6,411	5,828
Later than one year but not later than five years	11,385	10,471
	17,796	16,299

The Group entered into commercial property leases on its investment properties portfolio consisting of premises and office space.

NOTES TO THE FINANCIAL STATEMENTS

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40 SIGNIFICANT RELATED PARTY DISCLOSURES

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Interest income from:				
- subsidiary companies - (a)	-	-	17,506	25,603
- associated companies - (b)	7,266	7,730	-	-
Interest expenses to				
subsidiary companies - (a)	-	-	(42,163)	(46,305)
Advances given to subsidiary companies - (a)	-	-	(22,349)	(18,808)
Advances from/(repayment to)				
subsidiary companies - (a)	-	-	8,211	(8,717)
Net advances from/(to)				
associated companies - (b)	9,415	(5,852)	-	-
Procurement of Toto betting rolls, slips and other printing services from				
- Graphic Press Group Sdn Bhd - (d)	(519)	(6,193)	-	(6)
- Berjaya Paper Trading Sdn Bhd - (d)	(10,992)	(6,938)	-	-
Management fees for services rendered by				
- Berjaya Corporation Berhad - (c)	(720)	(840)	(720)	(840)
Security guard service charges by				
- Berjaya Guard Services Sdn Bhd - (d)	(4,643)	(5,190)	-	-
Lease charges by				
- Nada Embun Sdn Bhd - (d)	(1,868)	(2,181)	(296)	(346)
- Ambilan Imej Sdn Bhd - (d)	(2,534)	(2,957)	(2,534)	(2,957)
- Berjaya Times Square Sdn Bhd - (g)	(562)	(602)	-	-
- Ascot Sports Sdn Bhd - (e)	(282)	(350)	-	-
Lease income from				
- U Mobile Sdn Bhd - (e)	1,382	1,465	-	-
- Berjaya Higher Education Sdn Bhd - (d)	2,153	2,720	-	-
Share registration services rendered by				
- Berjaya Registration Services Sdn Bhd - (d)	(537)	(637)	(537)	(637)
Hire purchase facilities interest charges by				
- Prime Credit Leasing Berhad - (d)	(112)	(137)	(26)	(47)
Receipt of education and staff training services				
- Berjaya Education Sdn Bhd - (d)	(35)	(289)	(4)	(16)
Purchase of motor vehicles, component parts and other related products and services				
- Auto Tulin Sdn Bhd - (e)	(1,447)	(792)	(20)	(5)
Parking charges for leasing of parking bays from				
- BTS Car Park Sdn Bhd - (g)	(411)	(499)	(18)	(27)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Information technology consultancy and management related services as well as purchase of hardware, software and network equipment from				
- Qinetics Services Sdn Bhd - (f)	(440)	(1,622)	(295)	(1,363)
- Qinetics MSP Sdn Bhd - (f)	(971)	-	(634)	-
Aircraft leasing charges by				
- Berjaya Air Sdn Bhd - (d)	(845)	(1,750)	-	-
- Berjaya Jet Charter Sdn Bhd - (d)	(3,788)	(10,962)	-	-
Supply of computerised lottery systems and related services as well as receipt of licensing fee and support fee				
- Berjaya Gia Think Investment Technology Joint Stock Company - (d)	35,188	25,030	-	-
- Natural Avenue Sdn Bhd - (g)	1,846	764	-	-
Procurement of promotion, advertising, and publishing services charges by				
- Sun Media Corporation Sdn Bhd - (h)	(890)	(1,358)	(16)	(48)

Other significant related party transactions and balances have been disclosed in Notes 13, 24, 27, 29 and 30.

The nature of the related party relationships are as follows:

- (a) subsidiary companies;
- (b) associated companies of the Group;
- (c) ultimate holding company, BCorp;
- (d) related companies of BCorp Group other than subsidiary or associated companies of the Company;
- (e) a company where a substantial shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") has interests. TSVT is also the father of Nerine Tan Sheik Ping, a director of the Company;
- (f) a wholly owned subsidiary company of Qinetics Solutions Sdn Bhd which in turn is a subsidiary of MOL.com Sdn Bhd ("MOL"). A substantial shareholder of the Company, namely TSVT, has interests in MOL;
- (g) subsidiary companies of Berjaya Assets Berhad ("BAssets"). The Company's subsidiary, related companies of BCorp Group and also a substantial shareholder of the Company, namely TSVT, have interests in BAssets;
- (h) a subsidiary company of Berjaya Media Berhad ("BMedia"). The Company's subsidiary and related companies of BCorp Group and also a substantial shareholder of the Company, TSVT have interests in BMedia.

NOTES TO THE FINANCIAL STATEMENTS

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40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

In the previous reporting period, certain professional fee amounting to RM4,790,000 was incurred by a foreign subsidiary company for management and consultancy services contracted with a corporate entity, of which the Chief Executive Officer of the foreign subsidiary company has an interest.

The compensation (including benefits-in-kind) of the key management personnel of the Group and of the Company are as follows:

	Group		Company	
	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.5.2018 to 30.6.2019 RM'000
Short-term benefits				
- Continuing operations	40,804	38,986	1,492	1,490
- Discontinued operation	-	133	-	-
	40,804	39,119	1,492	1,490
Post-employment benefits	4,777	4,377	64	83
	<u>45,581</u>	<u>43,496</u>	<u>1,556</u>	<u>1,573</u>

41 FAIR VALUE MEASUREMENT

The Group measures 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.

NOTES TO THE FINANCIAL STATEMENTS

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41 FAIR VALUE MEASUREMENT (CONT'D)

(a) Group's assets that are measured at fair value

- (i) The table below analyses the Group's assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

		Group			
Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<u>At 30 June 2020</u>					
Non-financial assets					
Investment properties	9	-	-	113,238	113,238
<u>At 30 June 2019</u>					
Non-financial assets					
Investment properties	9	-	46,874	67,356	114,230

- (ii) Description of valuation techniques used and key inputs to valuation on investment properties:

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 adjustments factors, are categorised as Level 2 in the fair value hierarchy.

The investment properties which were included in the Level 3 category in the fair value hierarchy are valued using the comparison method with significant adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors"). The significant unobservable inputs for these investment properties, which are the adjustment factors, range between -55% and 49% (2019 : 5% and 19%) of the respective comparative prices.

Sensitivity analysis

A significant increase or decrease in each of the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the investment property.

NOTES TO THE FINANCIAL STATEMENTS

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41 FAIR VALUE MEASUREMENT (CONT'D)

(a) Group's assets that are measured at fair value (Cont'd)

(iii) Fair value reconciliation of investment properties measured at Level 3:

The carrying amount of investment properties categorised under Level 3 in the fair value hierarchy are as follows:

	<u>Group</u>	
	<u>30.6.2020</u>	<u>30.6.2019</u>
	<u>RM'000</u>	<u>RM'000</u>
At beginning of the financial year/period	67,356	67,356
Transfer from Level 2	46,902	-
Fair value adjustment during the financial year	(1,020)	-
At end of the financial year/period	<u>113,238</u>	<u>67,356</u>

All of the investment properties are classified under Level 3 during the financial year due to the significant adjustment factors to the comparable properties.

(b) Financial instruments that are measured at fair value

As at the reporting date, the Group held the following financial instruments carried at fair values in the statements of financial position:

	Note	<u>Group</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>At 30 June 2020</u>					
Financial assets					
Long term investments	8	<u>85,021</u>	<u>-</u>	<u>33,920</u>	<u>118,941</u>
<u>At 30 June 2019</u>					
Financial assets					
Long term investments	8	<u>107,575</u>	<u>-</u>	<u>38,967</u>	<u>146,542</u>

The Level 3 long term investments comprise certain equity securities outside Malaysia held by a foreign subsidiary company of which its market value is not quoted in an active market. The fair value of these investments are determined through discounted cash flow valuation technique. The assumptions (including discount rates and expected growth rates) applied by the Group are mainly based on historical performance of the entity, adjusted for market and economic conditions.

Fair value reconciliation of long term investments measured at Level 3:

	<u>Group</u>	
	<u>30.6.2020</u>	<u>30.6.2019</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Other long term investments</u>		
At beginning of financial year/period	38,967	18,888
Addition during the financial year/period	2,354	22,730
Net fair value adjustments through other comprehensive income	(10,539)	(4,119)
Exchange differences	3,138	1,468
At end of financial year/period	<u>33,920</u>	<u>38,967</u>

NOTES TO THE FINANCIAL STATEMENTS

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42 FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Note	Group		Company	
		30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Assets					
<u>Fair value through other comprehensive income</u>					
- Long term investments	8	118,357	145,388	-	-
<u>Fair value through profit or loss</u>					
- Long term investments	8	584	1,154	-	-
<u>Amortised cost</u>					
- Receivables	13	493,749	393,555	725	801
- Amounts due from subsidiary companies	15	-	-	303,803	263,728
- Deposits with financial institutions	16	120,174	276,839	20,000	7,000
- Cash and bank balances	16	187,594	145,546	2,042	2,588
Total financial assets		920,458	962,482	326,570	274,117
Total non-financial assets		1,988,509	1,704,189	4,323,610	4,404,699
Total assets		2,908,967	2,666,671	4,650,180	4,678,816
Liabilities					
<u>Amortised cost</u>					
- Lease liabilities	4(b)	273,436	-	1,244	-
- Payables	27	421,290	443,256	1,192	1,035
- Amounts due to subsidiary companies	28	-	-	984,831	934,457
- Other long term liabilities	24	1,966	2,021	137	253
- Long term borrowings	23	772,851	754,716	-	-
- Short term borrowings	25	434,702	366,157	-	-
Total financial liabilities		1,904,245	1,566,150	987,404	935,745
Total non-financial liabilities		215,430	325,558	756	60,729
Total liabilities		2,119,675	1,891,708	988,160	996,474

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

42 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value are as follows:

	<u>Note</u>	
Receivables	13	*
Deposits with financial institutions	16	*
Cash and bank balances	16	*
Payables	27	*
Amounts due from/(to) subsidiary companies	15 and 28	#
Loan from a related party of a foreign subsidiary company	24	^
Long term borrowings	23	^
Short term borrowings	25	*

* The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values as they are either within the normal credit terms or they have short maturity period.

^ The fair values of MTN, bank loans and loan from a related party of a foreign subsidiary company are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending at the reporting dates. The carrying amounts of borrowings and lease liabilities are reasonable approximation of fair value due to the insignificant impact of discounting.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to either insignificant impact of discounting or they are floating rate instruments.

43 FINANCIAL RISK MANAGEMENT OBJECTIVES 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 credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and equity price risk). The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(a) 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's exposure to credit risk arises primarily from trade and other receivables as well as amount due from subsidiary companies. For other financial assets (including investment securities, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk or risk of counterparts defaulting, is controlled by the application of credit approval limits and monitoring procedures.

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Other than those disclosed in Note 13 and above, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Information regarding trade and other receivables that are neither past due nor impaired and receivables that are impaired as well as the ageing analysis of trade receivables are disclosed in Note 13.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met.

The Group maintains sufficient levels of cash and the availability of funding so as to ensure that its working capital requirements are met.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Analysis of undiscounted financial instruments by remaining contractual maturities

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
30.6.2020				
Financial liabilities:				
Group				
Payables	420,916	-	-	420,916
Borrowings	488,086	500,557	439,024	1,427,667
Hire purchase payables and other payable	445	2,052	-	2,497
Lease liabilities	38,886	119,352	182,489	340,727
	<u>948,333</u>	<u>621,961</u>	<u>621,513</u>	<u>2,191,807</u>
Company				
Payables	1,076	-	-	1,076
Amounts due to subsidiary companies	280,874	764,870	-	1,045,744
Hire purchase payables	132	145	-	277
Lease liabilities	1,239	25	-	1,264
	<u>283,321</u>	<u>765,040</u>	<u>-</u>	<u>1,048,361</u>
30.6.2019				
Financial liabilities:				
Group				
Payables	442,822	-	-	442,822
Borrowings	427,872	550,604	381,378	1,359,854
Hire purchase payables and other payable	512	2,117	-	2,629
	<u>871,206</u>	<u>552,721</u>	<u>381,378</u>	<u>1,805,305</u>
Company				
Payables	926	-	-	926
Amounts due to subsidiary companies	275,269	726,905	-	1,002,174
Hire purchase payables	135	278	-	413
	<u>276,330</u>	<u>727,183</u>	<u>-</u>	<u>1,003,513</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market Risk

Market 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.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk is related to interest bearing assets and interest bearing borrowings.

The interest bearing assets are made up of deposits with licensed financial institutions and amounts due from subsidiary companies. The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank by placing them as short term deposits and actively reviewing its portfolio of deposits.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio to mitigate the impact of interest risk. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculation purposes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
<u>Fixed rate instruments</u>				
Financial assets	260,559	393,331	20,000	7,000
Financial liabilities	1,072,280	800,003	534,525	604,299
<u>Floating rate instruments</u>				
Financial assets	-	-	303,402	263,326
Financial liabilities	411,049	323,326	451,803	327,538

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market Risk (Cont'd)

(i) Interest Rate Risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not measure any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect 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 and the Company to be lower/higher by RM1,028,000 (2019 : RM808,000) and RM371,000 (2019 : RM161,000) respectively, assuming that all other variables remain constant.

(ii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group predominantly operates in Malaysia even though it has a few overseas subsidiary companies. The Group has limited exposure to foreign exchange risk as the transactional currencies are mostly in the functional currencies of the respective operating entities other than exposure on the advances to a subsidiary company that was treated as net investment in a foreign operation. The Group has minimal currency transaction exposures. Such exposure mainly arises from intra-group sales and purchases which are eliminated at group level as well as cash and cash equivalents and certain receivables which are denominated in foreign currency.

Sensitivity analysis for currency risk

The Group's exposure to sensitivity of currency risk is insignificant as the transactional currencies are mostly in the functional currencies of the respective operating entities.

(iii) Market Price Risk

The Group is exposed to market price risk arising from its investment in quoted securities. The quoted instruments are listed on Bursa Malaysia Securities Berhad and London Stock Exchange and are classified as FVTOCI and FVTPL financial assets.

The Group manages its market price risk arising from investment in quoted instruments by diversifying and managing its portfolio in accordance with limits set by the Group.

Sensitivity analysis for market price risk

At the reporting date, if the various stock indices had been 1% higher/lower, with all other variables held constant, the Group's FVTOCI reserve would have been RM1,184,000 (2019 : RM1,454,000) higher/lower arising as a result of increase/decrease in the fair value of equity instruments designated as FVTOCI financial assets. The Group's profit or loss would have been RM6,000 (2019 : RM12,000) higher/lower arising as a result of increase/decrease in the fair value of instruments designated as FVTPL financial assets.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

44 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 shareholder 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 year/period ended 30 June 2020 and 30 June 2019.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. The Group and the Company include within debt, borrowings and hire purchase payables. The gearing ratios as at 30 June 2020 and 30 June 2019 are as follows:

	Note	Group		Company	
		30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Long term borrowings	23	772,851	754,716	-	-
Hire purchase payables	24	1,018	1,137	253	362
Short term borrowings	25	434,702	366,157	-	-
Total debts		1,208,571	1,122,010	253	362
Total equity		789,292	774,963	3,662,020	3,682,342
Gearing ratio		1.53	1.45	- *	- *

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

* The amount is negligible as the Company does not have borrowings other than hire purchase payables.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

45 SEGMENT INFORMATION

(a) Business Segments:

	External RM'000	Inter- segment RM'000	Total RM'000
Revenue			
30.6.2020			
<u>Revenue from continuing operations</u>			
Toto betting	2,466,573	-	2,466,573
Motor vehicle dealership	2,065,903	-	2,065,903
Others	103,188	4,526	107,714
Inter-segment elimination	-	(4,526)	(4,526)
	<u>4,635,664</u>	<u>-</u>	<u>4,635,664</u>
30.6.2019			
<u>Revenue from continuing operations</u>			
Toto betting	3,643,071	-	3,643,071
Motor vehicle dealership	2,841,502	702	2,842,204
Others	95,082	19,424	114,506
Inter-segment elimination	-	(20,126)	(20,126)
	<u>6,579,655</u>	<u>-</u>	<u>6,579,655</u>
<u>Revenue from discontinued operation</u>			
Leasing of lottery equipment	113,734	-	113,734
	<u>6,693,389</u>	<u>-</u>	<u>6,693,389</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

45 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd):

	30.6.2020	30.6.2019		Total RM'000
	Results from continuing operations RM'000	Results from continuing operations RM'000	Results from discontinued operation RM'000	
Results				
Toto betting	256,776	446,877	-	446,877
Leasing of lottery equipment	-	-	53,882	53,882
Motor vehicle dealership	(2,100)	61,258	-	61,258
Others	4,074	(14,120)	-	(14,120)
Inter-segment elimination	(3,040)	(8,294)	(3,095)	(11,389)
	255,710	485,721	50,787	536,508
Unallocated corporate expenses	(16,014)	(19,487)	-	(19,487)
Profit before other income and expenses	239,696	466,234	50,787	517,021
Investment related income	12,452	4,009	-	4,009
Investment related expenses	(2,549)	(14,703)	(75,949)	(90,652)
Other income	42,446	33,169	186	33,355
Finance costs	(63,316)	(59,167)	(148)	(59,315)
Share of results of associated companies	(1,913)	(10,156)	-	(10,156)
Profit before tax	226,816	419,386	(25,124)	394,262
Income tax expenses	(93,111)	(148,721)	(15,578)	(164,299)
Profit/(loss) for the financial year/period	133,705	270,665	(40,702)	229,963
Non-controlling interests	(1,008)	(2,642)	(473)	(3,115)
Profit/(loss) attributable to owners of the Parent	132,697	268,023	(41,175)	226,848

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

45 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd):

	30.6.2020		30.6.2019	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Assets and Liabilities				
<u>Continuing operations</u>				
Toto betting	1,720,451	199,514	1,886,994	369,151
Motor vehicle dealership	1,224,150	568,310	911,699	336,648
Others	753,503	426,123	631,296	293,033
Inter-segment elimination	(985,151)	(303,753)	(938,782)	(337,042)
	<u>2,712,953</u>	<u>890,194</u>	<u>2,491,207</u>	<u>661,790</u>
Investment in associated companies	119,269	-	70,580	-
Unallocated assets/liabilities	76,745	1,229,481	55,804	1,217,825
	<u>2,908,967</u>	<u>2,119,675</u>	<u>2,617,591</u>	<u>1,879,615</u>
<u>Discontinued operation/asset held for sale</u>				
Leasing of lottery equipment	-	-	27,331	12,093
Others	-	-	21,749	-
	<u>2,908,967</u>	<u>2,119,675</u>	<u>2,666,671</u>	<u>1,891,708</u>

	Capital expenditure RM'000	Depre- ciation/ amortisation RM'000	Property, plant and equipment written off RM'000	Impairment loss RM'000	Other non-cash expenses RM'000
Other information					
30.6.2020					
<u>Continuing operations</u>					
Toto betting	9,444	20,677	12	42	-
Motor vehicle dealership	104,133	41,328	374	-	4,755
Others	57,088	5,966	2	836	517
Unallocated items	779	3,223	-	-	-
	<u>171,444</u>	<u>71,194</u>	<u>388</u>	<u>878</u>	<u>5,272</u>
Inter-segment	(357)	(4,972)	-	-	-
	<u>171,087</u>	<u>66,222</u>	<u>388</u>	<u>878</u>	<u>5,272</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

45 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd):

	Capital expenditure RM'000	Depre- ciation/ amortisation RM'000	Property, plant and equipment written off RM'000	Impairment loss RM'000	Other non-cash expenses RM'000
Other information (cont'd)					
30.6.2019					
<u>Continuing operations</u>					
Toto betting	22,947	18,006	139	-	-
Motor vehicle dealership	29,028	17,873	90	-	6,278
Others	3,882	4,308	9	12,560	2,070
Unallocated items	7	508	-	113	-
	55,864	40,695	238	12,673	8,348
<u>Discontinued operation</u>					
Leasing of lottery equipment	30	1,648	-	75,949	344
Inter-segment	-	(5,868)	-	-	-
	55,894	36,475	238	88,622	8,692

(b) Geographical Segments:

Total Revenue From External Customers

	Group	
	30.6.2020 RM'000	30.6.2019 RM'000
<u>Continuing operations</u>		
Malaysia	2,475,967	3,668,353
The United Kingdom	2,065,903	2,841,502
Others	93,794	69,800
	4,635,664	6,579,655
<u>Discontinued operation</u>		
The Philippines	-	113,734
	4,635,664	6,693,389

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

45 SEGMENT INFORMATION (CONT'D)

(b) Geographical Segments (Cont'd):

	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Segment Assets		
<u>Continuing operations</u>		
Malaysia	926,280	1,114,932
The United Kingdom	1,125,053	862,428
Others	857,634	640,231
	<u>2,908,967</u>	<u>2,617,591</u>
<u>Discontinued operation</u>		
The Philippines	-	27,331
Others	-	21,749
	<u>2,908,967</u>	<u>2,666,671</u>
	Group	
	30.6.2020	30.6.2019
	RM'000	RM'000
Capital Expenditure		
<u>Continuing operations</u>		
Malaysia	24,803	23,257
The United Kingdom	104,133	29,028
Others	42,151	3,579
	<u>171,087</u>	<u>55,864</u>
<u>Discontinued operation</u>		
The Philippines	-	30
	<u>171,087</u>	<u>55,894</u>

Segment information is presented in respect of the Group's business segments.

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

Unallocated items refer to items relating to income tax, investing or financing activities and items that cannot be reasonably allocated to individual segments.

Other non-cash expenses mainly include unrealised loss on foreign exchange, inventories written down, provision for sales warranty, provision for retirement benefit obligations and allowance for impairment.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

45 SEGMENT INFORMATION (CONT'D)

Inter-segment transactions/items are eliminated on consolidation.

Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

* Other business segments include property investment and development and investment holding, development, manufacturing and distribution of computerised wagering and voting systems, operation of hotel, operation of health and fitness centre as well as service business of protecting and cleaning the environment, none of which are of a sufficient size to be reported separately.

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 8 July 2019, the Company announced that BPI had on 1 July 2019 disposed of 1,000,000 ordinary shares, representing 20% equity interest, in its wholly-owned subsidiary company, PGMC for a consideration of PHP117.15 million (equivalent to approximately RM9.49 million). Subsequently on 3 July 2019, PGMC issued additional 5,000,000 ordinary shares with par value of PHP100 each ("Share Subscription"). BPI waived its rights to subscribe for the additional shares issued by PGMC. Upon completion of PGMC's Share Subscription on 3 July 2019, BPI's equity interest was further diluted to 39.99% from 79.99% and PGMC ceased as a subsidiary company and became an associated company of BPI as disclosed in Notes 5 and 6.
- (b) The COVID-19 pandemic has had a negative impact on the Group's performance for the financial year ended 30 June 2020 due to various measures implemented by the governments in countries where the Group has business operations to control and curtail the spread of the COVID-19 pandemic.

The Malaysian Government, in response to the COVID-19 outbreak in the country, has imposed the Movement Control Order ("MCO") with effect from 18 March 2020. Subsequently, Conditional MCO was implemented from 4 May 2020 to 9 June 2020, and this was followed by Recovery MCO from 10 June until 31 August 2020 which was subsequently extended to 31 December 2020. The Group's principal subsidiary company, namely Sports Toto, was ordered to halt its operation from 18 March 2020 (the commencement of MCO) and only resumed operation on 17 June 2020. As a result of the aforesaid, Sports Toto cancelled forty (40) draws during the financial year. In the United Kingdom ("UK"), the Group's motor retailing business operated by H.R. Owen had shut down its operations from 23 March to 31 May 2020, in compliance with the UK's lockdown order and only resumed business operation on 1 June 2020. In the Philippines, the country is put into varying degrees of lockdown, a four-phased transition of community quarantine, depending on the severity of infection from 17 March to 15 May 2020 and subsequently under the lower phases depending on the level of risk assessments of the communities. The Group's business operations in the Philippines were suspended or limited accordingly and is now gradually resuming business operations as allowed by the local and national governments concerned where they are located.

The Group has resumed its business operations during the financial year. However, as the pandemic continues to evolve, it may be challenging to ascertain the full extent and duration of its impact. Nevertheless, management will continue to monitor the development of the COVID-19 pandemic and its impact to the Group's operations and financial results.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

47 COMPARATIVES

The previous financial period consist of fourteen (14) months as the Company changed its financial year end from 30 April 2019 to 30 June 2019. The current financial statements of the Group and of the Company are prepared for a period of twelve (12) months from 1 July 2019 to 30 June 2020. As a result, the comparative information stated in the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows and the related notes to the financial statements, which were prepared for a period of fourteen (14) months, are not comparable.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Berjaya Sports Toto Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and 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 65 to 202.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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 are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters (Cont'd)

Key audit matters in respect of the audit of the financial statements of the Group

a) Toto betting revenue and related cost of sales

(Refer to summary of significant accounting policies in Note 2.2(u), and the disclosure of revenue in Note 29 to the financial statements.)

The Group is involved in the Toto betting operations where revenue is derived from a large volume of individually insignificant transactions. The Group relies heavily on its information technology system to account for such revenue. During the financial year, the Group recognised revenue of approximately RM2.5 billion from Toto betting operations, which accounted for 53.2% of the Group's revenue. The related cost of sales from Toto betting operations was RM2.0 billion, which accounted for 51.6% of the Group's cost of sales.

The amounts recognised for revenue and cost of sales from Toto betting operations is a key audit matter because the amounts recognised are significant to the financial statements, and they involve large volume of transactions which are processed by the Group's information technology system.

Our procedures to address this area of focus included, amongst others, the following:

- obtained an understanding of the relevant internal controls over the process of recording of revenue and cost of sales;
- evaluated the operating effectiveness of automated controls over revenue and cost of sales processes by involving our internal experts in testing the operating effectiveness of the automated controls over the revenue and cost of sales processes. We also tested the accuracy of interface between the sales terminal system and the betting operating system, and related calculation of prize payment in the financial information system;
- evaluated the effectiveness of the non-automated controls in place to ensure accuracy of revenue and cost of sales recognised, including the timely posting of revenue and cost of sales to the general ledger in the financial information system;
- evaluated transactions recorded close to the financial year end, including draw sales after financial year end, to establish whether those transactions were recorded in the correct accounting period;
- performed reconciliation of cash receipts to revenue recorded in the financial statements; and
- reviewed and assessed the adequacy of the Group's disclosure relating to revenue and cost of sales.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters (Cont'd)

Key audit matters in respect of the audit of the financial statements of the Group (Cont'd)

b) Impairment of goodwill and intangible assets

(Refer to summary of significant accounting policies in Note 2.2(f), significant accounting estimates and judgement in Note 2.5(b)(i), and the disclosure of intangible assets in Note 11 to the financial statements.)

Goodwill and dealership rights with an indefinite useful life, amounting to RM633.0 million and RM54.7 million, formed 43.4% and 23.6% of non-current assets and total assets respectively of the Group as at 30 June 2020. Of these amounts, goodwill of RM547.7 million has been allocated to the gaming segment in Malaysia, whilst goodwill and dealership rights of RM127.6 million have been allocated to the car dealership operations in the United Kingdom.

Goodwill and indefinite life dealership rights are subject to an annual impairment test. The Group estimated the recoverable amount of the respective cash generating units ("CGUs") based on their respective value-in-use ("VIU"). Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that would be derived from the CGUs, and discounting them at an appropriate rate.

The cash flow forecasts included a number of significant judgements and estimates such as:

- in respect of the gaming operations, the revenue growth rate, payout ratio, discount rate and terminal growth rate applicable; and
- in respect of the car dealership operations, the forecasted sales volume and pricing, inflationary effects on the cost of purchase of motor vehicles, discount rate and terminal growth rate.

We considered this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the respective CGUs. The accounting policies for goodwill and dealership rights are disclosed in Note 2.2(c) to the financial statements.

Our procedures to address this area of focus included, amongst others, the following:

- obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- evaluated, with the involvement of our internal valuation experts, the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters (Cont'd)

Key audit matters in respect of the audit of the financial statements of the Group (Cont'd)

b) Impairment of goodwill and intangible assets (cont'd)

- evaluated the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy;
- evaluated whether key assumptions which comprised the revenue growth rate and payout ratio for the gaming operations, and the forecasted sales volume and pricing and inflationary effects on the cost of purchase of motor vehicles for the car dealership operations, as well as terminal growth rates, were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth in the respective countries in which the CGU operates;
- assessed, with the involvement of our internal valuation experts, whether the rate used in discounting the future cash flows to its present value was appropriate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked either against risk rates in specific international markets in which the Group operates or equivalent data for peer companies; and
- analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test was most sensitive. The disclosures on key assumptions and sensitivities are included in Note 11 to the financial statements.

Key audit matters in respect of the audit of the financial statements of the Company

a) Impairment assessment of investment in subsidiary companies

(Refer to summary of significant accounting policies in Note 2.2(f), significant accounting estimates and judgement in Note 2.5(b)(iv), and disclosure of investment in subsidiary companies in Note 5 to the financial statements.)

As at 30 June 2020, the carrying amount of the investment in subsidiary companies of the Company amounted to RM4.3 billion, representing 99.8% and 92.8% of total non-current assets and total assets respectively of the Company as at 30 June 2020.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters (Cont'd)

Key audit matters in respect of the audit of the financial statements of the Company (Cont'd)

a) Impairment assessment of investment in subsidiary companies (cont'd)

The Company reviewed the investment in subsidiary companies for indications of impairment. Accordingly, the Company performed an impairment assessment to determine the recoverable amounts of investment in subsidiary companies with indications of impairment. The Company estimated the recoverable amount of the respective CGUs based on their respective VIU. Estimating the VIU of the CGUs involved estimates made by the management relating to the future cash inflows and outflows that will be derived from the CGUs, and discounting them at an appropriate rate. The cash flow forecasts, included a number of significant judgements and estimates such as the revenue growth rate, payout ratio, discount rate and terminal growth rate.

We considered this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions made may lead to a significant change in the recoverable amount of the investment in subsidiary companies.

Our procedures to address this area of focus included, amongst others, the following:

- obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- evaluated, with the involvement of our internal valuation experts, the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;
- evaluated the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy;
- evaluated whether key assumptions which comprised the revenue growth rate and payout ratio for the gaming operations were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters (Cont'd)

Key audit matters in respect of the audit of the financial statements of the Company (Cont'd)

- a) Impairment assessment of investment in subsidiary companies (cont'd)
- assessed, with the involvement of our internal valuation experts, whether the rate used in discounting the future cash flows to its present value was appropriate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked either against risk rates in specific market in which the respective subsidiary company operates or equivalent data for peer companies; and
 - analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test was most sensitive.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' reports, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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 of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Responsibilities of directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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;
- (b) 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;
- (c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Auditors' responsibilities for the audit of the financial statements (Cont'd)

- (d) conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;
- (e) 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; and
- (f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

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 5 to the financial statements.

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.

Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039

Chartered Accountants

Kuala Lumpur, Malaysia

9 October 2020

Tseu Tet Khong @ Tsau Tet Khong

03374/06/2022 J

Chartered Accountant

LIST OF MAJOR PROPERTIES

AS AT 30 JUNE 2020

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Fair Value RM'000	Net Carrying Amount RM'000
No. 1 , Jalan 3/91A Taman Shamelin Perkasa 56100 Kuala Lumpur	Leasehold expiring 11/9/2082	19.06.2020	17 yrs	13,519 sq. ft	2.5 storey semi- detached factory - Obtaining renovation approval for sales office, service centre and storage	N/A	7,264
No. 3 , Jalan 3/91A Taman Shamelin Perkasa 56100 Kuala Lumpur	Leasehold expiring 11/9/2082	19.06.2020	17 yrs	12,583 sq. ft.	2.5 storey semi- detached factory - Obtaining renovation approval for sales office, service centre and storage	N/A	6,744
Berjaya Times Square 11th Floor No. 1, Jalan Imbi 55100 Kuala Lumpur	Freehold	06.01.1998	17 yrs	104,844 sq. ft.	One floor of office space of an integrated commercial development for rental	65,556	N/A
No 25 Jalan 11/48A, Sentul Raya Boulevard, Off Jalan Sentul, Sentul, 51000 Kuala Lumpur	Freehold	16.08.2010	24 yrs	10,080 sq. ft.	1 unit of 6 storey shop office for rental	5,500	N/A
14 Station Road, Pangbourne Reading RG8 7AN United Kingdom	Freehold	20.07.2018	-	7,350 sq. ft.	Aftersales service centre	N/A	7,677
F130, 1st Floor, Sungei Wang Plaza, Jalan Bukit Bintang, 55100 Kuala Lumpur	Freehold	24.08.2011	43 yrs	645.83 sq. ft.	1 unit of retail shophot for rental	6,650	N/A
7835 Makati Avenue corner Eduque Street Makati City, Philippines 1209	Freehold	4.12.2009	19 yrs	586 sq. m	Hotel - 223 guest rooms	N/A	59,523
Trackspeed House Portsmouth Road, Ripley, Woking, Surrey GU23 6HB United Kingdom	Freehold	16.12.2019	40 yrs	32,670 sq. ft.	Showroom and sales office	N/A	15,623
The Ranges, Shepperton, Surrey, United Kingdom	Freehold	05.03.2015	-	69 acres	Vacant land	N/A	6,916
22A Upbrook Mews, Bayswater London W2 3HG, United Kingdom	Freehold	22.09.2016	140 yrs	1,422 sq. ft.	4 Storey mid terraced mews style house - vacant	9,782	N/A

N/A denotes Not Applicable

MATERIAL CONTRACTS

Other than as disclosed in Notes 13, 24, 27, 29, 30, 39 and 40 of the financial statements for the financial year ended 30 June 2020, neither Berjaya Sports Toto Berhad nor any of its subsidiaries has entered into any material contracts involving directors and major shareholders.

ADDITIONAL INFORMATION

The amount of non-audit fees incurred for services rendered to the Group by the Company's auditors, or a firm affiliated to the auditors' firm, for the financial year ended 30 June 2020 amounted to RM38,000 (2019 : RM42,000).

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The aggregate value of transactions conducted pursuant to shareholders' mandate were as follows :

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
Berjaya Corporation Berhad and/or its unlisted subsidiary companies			
Berjaya Corporation Berhad	Management fees for services rendered that include, inter-alia, the provision of finance, secretarial, internal audit and general administrative services	Berjaya Sports Toto Berhad	720
Berjaya Registration Services Sdn Bhd	Receipt of share registration services	Berjaya Sports Toto Berhad	537
Berjaya Higher Education Sdn Bhd	Rental income for renting of premises at part of Level 11, Berjaya Times Square	Magna Mahsuri Sdn Bhd	(2,153)
Inter-Pacific Trading Sdn Bhd	Purchase of stationery products	Berjaya Sports Toto Berhad Group	111
Berjaya Education Sdn Bhd	Receipt of education and staff training services	Berjaya Sports Toto Berhad Group	35
Graphic Press Group Sdn Bhd	Procurement of printing services	Berjaya Sports Toto Berhad Group	519
Prime Credit Leasing Berhad	Receipt of leasing and hire purchase facilities	Berjaya Sports Toto Berhad Group	498
Ambilan Imej Sdn Bhd	Rental for renting of office premises at part of Level 12, Berjaya Times Square	Berjaya Sports Toto Berhad	2,534
Stephens Properties Sdn Bhd	Rental for renting of storage space at Wisma Cosway	Berjaya Sports Toto Berhad	5
E.V.A. Management Sdn Bhd	Receipt of human resources management and other related services	Berjaya Sports Toto Berhad Group	96
Berjaya Gia Thinh Investment Technology Joint Stock Company	Supply of computerised lottery systems and related services as well as receipt of licensing fee and support fee	International Lottery & Totalizator Systems, Inc.	(35,188)
Berjaya Paper Trading Sdn Bhd	Procurement of Toto betting rolls and other printing services	Sports Toto Malaysia Sdn Bhd	10,992
Berjaya Land Berhad and/or its unlisted subsidiary companies			
Berjaya Langkawi Beach Resort Sdn Bhd	Rental for renting of villa at Berjaya Langkawi Resort	Berjaya Sports Toto Berhad	180
	Rental income for renting of restaurant at Pulau Langkawi	FEAB Properties Sdn Bhd	(96)
Berjaya Guard Services Sdn Bhd	Receipt of security guard services	Berjaya Sports Toto Berhad Group	4,643
	Rental income for renting of apartment at Apartment Block, Plaza Berjaya	FEAB Properties Sdn Bhd	(25)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The aggregate value of transactions conducted pursuant to shareholders' mandate were as follows (cont'd) :

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
Berjaya Land Berhad and/or its unlisted subsidiary companies (cont'd)			
Nada Embun Sdn Bhd	Rental for renting of office premises at part of Level 13, Berjaya Times Square	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	1,868
Berjaya Air Sdn Bhd	Dry lease charges for aircraft leasing facilities	Sports Toto Malaysia Sdn Bhd	845
Berjaya Jet Charter Sdn Bhd	Charter fees for aircraft leasing facilities	Berjaya Sports Toto Berhad Group	3,788
Nural Enterprise Sdn Bhd	Rental for renting of apartment at Apartment Block, Plaza Berjaya	Sports Toto Malaysia Sdn Bhd	19
Berjaya Assets Berhad and/or its unlisted subsidiary companies			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems and support services as well as receipt of licensing fee	International Lottery & Totalizator Systems, Inc.	(1,846)
BTS Car Park Sdn Bhd	Parking charges for leasing of parking bays	Berjaya Sports Toto Berhad Group	411
Berjaya Times Square Sdn Bhd	Rental for renting of shoplot and office premises at part of Level 6 and Level 8, Berjaya Times Square	Sports Toto Fitness Sdn Bhd Sports Toto Malaysia Sdn Bhd	562
Other related parties			
U Mobile Sdn Bhd	Rental income for renting of office premises at part of Level 11, Berjaya Times Square	Magna Mahsuri Sdn Bhd	(1,382)
Roda Indah Motors Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Berjaya Sports Toto Berhad Group	71
Qinetics Services Sdn Bhd	Purchase of hardware, software, networking equipment, procurement of information technology consultancy, website and software development, maintenance and management services	Berjaya Sports Toto Berhad Group	440
Qinetics MSP Sdn Bhd	Purchase of hardware, software, networking equipment, procurement of information technology consultancy, website and software development, maintenance and management services	Berjaya Sports Toto Berhad Group	971

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The aggregate value of transactions conducted pursuant to shareholders' mandate were as follows (cont'd) :

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
Other related parties (cont'd)			
Ascot Sports Sdn Bhd	Rental for renting of office premises at part of Level 10, Berjaya Times Square	Sports Toto Malaysia Sdn Bhd Sports Toto Computer Sdn Bhd	282
Auto Tulin Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Berjaya Sports Toto Berhad Group	1,447
Razer Pay Holdings Pte Ltd	Receipt of e-wallet services	Sports Toto Fitness Sdn Bhd	4
Sun Media Corporation Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad Group	890

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 1 OCTOBER 2020

THE COMPANY

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Seow Swee Pin	92,749	0.01	-	-
Chan Kien Sing	3,610	0.00	-	-
Datuk Robert Yong Kuen Loke	123,667	0.01	-	-

PENULTIMATE HOLDING COMPANY BERJAYA LAND BERHAD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Nerine Tan Sheik Ping	2,000,000	0.04	-	-
Datuk Robert Yong Kuen Loke	360,808	0.01	-	-

ULTIMATE HOLDING COMPANY BERJAYA CORPORATION BERHAD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Tan Kok Ping	20,681,892	0.42	-	-
Chan Kien Sing	49,118	0.00	-	-
Datuk Robert Yong Kuen Loke	1,051,545	0.02	-	-

Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each			
	Direct Interest	%	Deemed Interest	%
Chan Kien Sing	10,000	0.00	-	-
Nerine Tan Sheik Ping	132,000	0.02	-	-
Datuk Robert Yong Kuen Loke	2,516,508	0.39	-	-

Number of Warrants 2012/2022

	Number of Warrants 2012/2022			
	Direct Interest	%	Deemed Interest	%
Chan Kien Sing	10,000	0.00	-	-
Datuk Robert Yong Kuen Loke	170,108	0.02	-	-

STATEMENT OF DIRECTORS' SHAREHOLDINGS AS AT 1 OCTOBER 2020

RELATED COMPANIES CERAH BAKTI SDN BHD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Tan Kok Ping [^]	-	-	75,000	30.0

CERAH TROPIKA SDN BHD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Tan Kok Ping	90,000	30.0	-	-

[^] Indirect interests pursuant to Section 8 of the Companies Act 2016.

Save as disclosed, none of the other Directors of the Company had any interests in the shares, warrants and debentures of the Company or its related corporations as at 1 October 2020.

STATISTICS ON SHAREHOLDINGS

AS AT 1 OCTOBER 2020

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF ORDINARY SHARES	%
less than 100	4,453	9.91	158,395	0.01
100 - 1,000	5,105	11.37	2,826,809	0.21
1,001 - 10,000	27,643	61.54	94,743,525	7.09
10,001 - 100,000	7,041	15.68	177,085,289	13.25
100,001 - 66,814,999	675	1.50	941,970,225	70.50
66,815,000* and above	1	0.00	119,515,757	8.94
Total	44,918	100.00	1,336,300,000	100.00

Note:

Each share entitles the holder to one vote.

* Denotes 5% of total number of issued shares with voting rights.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2020

NO.	NAME OF SHAREHOLDERS	NO. OF ORDINARY SHARES	%
1	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gateway Benefit Sdn Bhd	119,515,757	8.94
2	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd	62,458,391	4.67
3	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya Land Berhad	39,497,075	2.96
4	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya Land Berhad	37,773,540	2.83
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Berjaya Land Berhad	34,350,000	2.57
6	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	33,220,014	2.49
7	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gateway Benefit Sdn Bhd (Berjaya Land)	27,740,554	2.08
8	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	26,102,841	1.95
9	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gateway Benefit Sdn Bhd (7008486)	24,000,000	1.80
10	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For B.L. Capital Sdn Bhd (BLB-RC4 -Conglo)	21,992,960	1.65
11	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 14)	20,819,900	1.56
12	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya Land Berhad (BLB-RC5-Conglo2)	18,223,256	1.36
13	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gateway Benefit Sdn Bhd (BLB-RC4-Conglo)	18,109,020	1.36

STATISTICS ON SHAREHOLDINGS AS AT 1 OCTOBER 2020

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2020 (CONT'D)

NO.	NAME OF SHAREHOLDERS	NO. OF ORDINARY SHARES	%
14	RHB Nominees (Tempatan) Sdn Bhd Bank Of China (Malaysia) Berhad Pledged Securities Account For Gateway Benefit Sdn Bhd	18,000,000	1.35
15	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya Land Berhad (BLB-RC4-Conglo)	17,813,454	1.33
16	Cartaban Nominees (Asing) Sdn Bhd Exempt An For State Street Bank & Trust Company (West CLT OD67)	16,238,399	1.22
17	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Gateway Benefit Sdn Bhd	16,000,000	1.20
18	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Berjaya Land Berhad	14,800,000	1.11
19	UOB Kay Hian Nominees (Tempatan) Sdn Bhd UOB Kay Hian Credit (M) Sdn Bhd For Berjaya Land Berhad	14,560,000	1.09
20	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya Corporation Berhad	13,495,000	1.01
21	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	12,819,800	0.96
22	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gateway Benefit Sdn Bhd (49486 SFIN)	12,106,867	0.91
23	HSBC Nominees (Asing) Sdn Bhd JPMCB Na For Vanguard Emerging Markets Stock Index Fund	11,004,598	0.82
24	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gateway Benefit Sdn Bhd (BLB-RC5-Conglo2)	10,900,000	0.82
25	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Gateway Benefit Sdn Bhd (GBSB RC1/RC2)	10,700,124	0.80
26	HSBC Nominees (Asing) Sdn Bhd JPMCB Na For Vanguard Total International Stock Index Fund	10,654,806	0.80
27	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya Land Berhad (RC6 Facility)	10,000,000	0.75
28	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Bizurai Bijak (M) Sdn Bhd (414084-91161D)	8,350,000	0.62
29	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya Group Berhad	7,213,952	0.54
30	RHB Nominees (Tempatan) Sdn Bhd Bank Of China (Malaysia) Berhad Pledged Securities Account For Berjaya Land Berhad	6,500,000	0.49
		694,960,308	52.04

STATISTICS ON SHAREHOLDINGS AS AT 1 OCTOBER 2020

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2020

Names of Substantial Shareholder	No. of Ordinary Shares			
	Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	291,209,000	21.80	-	-
Berjaya Land Berhad	217,900,000	16.31	321,949,386 (a)	24.10
Teras Mewah Sdn Bhd	-	-	539,849,386 (b)	40.41
Juara Sejati Sdn Bhd	-	-	550,849,386 (c)	41.24
Berjaya Group Berhad	18,900,000	1.41	590,998,926 (d)	44.24
Berjaya Corporation Berhad	29,075,402	2.18	609,898,926 (e)	45.66
Tan Sri Dato' Seri Vincent Tan Chee Yioun	10,305,641	0.77	644,758,182 (f)	48.27

Notes:

- (a) Deemed interested by virtue of its 100% interests in Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd and B.L. Capital Sdn Bhd.
- (b) Deemed interested by virtue of its interest in Berjaya Land Berhad.
- (c) Deemed interested by virtue of its interests in Berjaya Land Berhad and Berjaya Capital Berhad.
- (d) Deemed interested by virtue of its 100% interests in Bizurai Bijak (M) Sdn Bhd, Teras Mewah Sdn Bhd and Juara Sejati Sdn Bhd.
- (e) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.
- (f) Deemed interested by virtue of his interests in Berjaya Corporation Berhad, B & B Enterprise Sdn Bhd and Berjaya VTCY Sdn Bhd, his interest in Berjaya Assets Berhad, the holding company of Berjaya Bright Sdn Bhd and his deemed interest in Berjaya Retail Sdn Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Berjaya Sports Toto Berhad will be conducted on a fully virtual basis from the broadcast venue (“Broadcast Venue”) at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Tuesday, 8 December 2020 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 2020 and the Directors’ and Auditors’ Reports thereon.

As Ordinary Business:-

2. To approve the payment of Directors’ fees amounting to RM320,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2020. 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 RM1,475,000.00 for the period from 9 December 2020 until the next Annual General Meeting of the Company to be held in 2021. Resolution 2
4. To re-elect the following Directors retiring pursuant to Clause 117 of the Company’s Constitution:-
 - a) Tan Sri Dato’ Seri Tan Kok Ping Resolution 3
 - b) Dato’ Oon Weng Boon Resolution 4
5. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 5

As Special Business:-

6. 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 Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.” Resolution 6

NOTICE OF ANNUAL GENERAL MEETING

(ii) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT, subject to the provisions of 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 the related parties as specified in Section 2.3 of the Circular to Shareholders dated 23 October 2020 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (ii) 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
- (iii) 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 7

(iii) 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 Constitution, 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 ("BToto Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;

NOTICE OF ANNUAL GENERAL MEETING

3. the authority shall commence immediately upon passing of this ordinary resolution until:-
- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND THAT upon completion of the purchase(s) of the BToto Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BToto Shares so purchased by the Company in the following manner :-

- (a) cancel all the BToto Shares so purchased; or
- (b) retain all the BToto 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 8

(iv) Proposed Retention of Independent Non-Executive Director

“THAT Datuk Robert Yong Kuen Loke 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 9

By Order of the Board
THAM LAI HENG MICHELLE
SSM PC No. 202008001622 (MAICSA 7013702)
Secretary

Kuala Lumpur
23 October 2020

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016 ("CA 2016"). Hence, this item on the Agenda is not put forward for voting.

2. Directors' Fees

In August 2019, the Remuneration Committee ("RC") had conducted a review of the remuneration levels of the Non-Executive Directors and in view of the increasing responsibilities of Directors, time commitment required and the heightened regulatory and compliance requirements under the various laws and regulations, the Board, upon the recommendation of the RC, has proposed an increase in Directors' Fees from RM45,000.00 to RM80,000.00 per annum with effect from 1 July 2019 for each Non-Executive Directors of the Company.

3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the CA 2016 provides that "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 9 December 2020 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, benefits-in-kind 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, assuming full attendance by all the Non-Executive Directors. The estimated amount of remuneration also caters for unforeseen circumstances, for examples, the appointment of additional Directors, additional unscheduled Board meetings and/or Board Committees meetings.

In the event, where the payment of Directors' remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

4. Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the CA 2016

Resolution 6 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the CA 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 6 December 2019 and which will lapse at the conclusion of the Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

5. Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution 7, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate"). Detailed information on the Proposed Shareholders' Mandate is set out under Part A of the Circular/Statement to Shareholders dated 23 October 2020 which can be viewed and downloaded from the website of the Company at www.berjaya.com/berjaya-sports-toto/ and/or Bursa Malaysia Securities Berhad at <https://www.bursamalaysia.com>.

NOTICE OF ANNUAL GENERAL MEETING

6. Proposed Renewal of Authority for the Company to Purchase Its Own Shares

Resolution 8, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 23 October 2020 which can be viewed and downloaded from the website of the Company at www.berjaya.com/berjaya-sports-toto/ and/or Bursa Malaysia Securities Berhad at <https://www.bursamalaysia.com>.

7. Proposed Retention of Independent Non-Executive Director

Resolution 9 is proposed pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance and if passed, will allow Datuk Robert Yong Kuen Loke to be retained and to continue to act as an Independent Non-Executive Director.

The full details of the Board's justifications for the retention of Datuk Robert Yong Kuen Loke is set out in the Corporate Governance Overview Statement in the Company's 2020 Annual Report.

8. Proxy and Entitlement of Attendance

- (i) As part of the measures to curb the spread of Coronavirus Disease 2019, the Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn Bhd which are available on Securities Services e-Portal ("SSeP") at <https://sshb.net.my/login.aspx>. **Please follow the procedures provided in the Administrative Guide for the AGM of the Company in order to register, participate and vote remotely via RPV facilities.**
- (ii) The main and only venue of the AGM is the Broadcast Venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the AGM of the Company to be present at the main venue of the AGM of the Company in Malaysia.
- (iii) Shareholders/proxy/corporate representatives from the public **WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the AGM of the Company.
- (iv) A member of the Company who is entitled to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company via RPV facilities 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.
- (v) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- (vi) 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.
- (vii) 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.
- (viii) 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.
- (ix) 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, **i.e. latest by Sunday, 6 December 2020 at 10.00 a.m.**
- (x) Only members whose names appear in the Record of Depositors as at 1 December 2020 shall be entitled to participate and/or vote at the AGM or appoint a proxy to participate and/or vote in his/her stead via RPV facilities.

9. 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 SPORTS TOTO BERHAD

[Registration No. 196901000688 (9109-K)]

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 SPORTS TOTO 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 Annual General Meeting ("AGM") of the Company to be conducted on a fully virtual basis through live streaming from the broadcast venue held at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1, Jalan Imbi, 55100 Kuala Lumpur ("Broadcast Venue") on Tuesday, 8 December 2020 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.		
RESOLUTION 2 - To approve payment of Directors' Remuneration (excluding Directors' Fees) for the period from 9 December 2020 until the next Annual General Meeting of the Company.		
RESOLUTION 3 - To re-elect Tan Sri Dato' Seri Tan Kok Ping as Director.		
RESOLUTION 4 - To re-elect Dato' Oon Weng Boon as Director.		
RESOLUTION 5 - To re-appoint Auditors.		
RESOLUTION 6 - To approve authority to issue and allot shares.		
RESOLUTION 7 - To renew and to seek shareholders' mandate for Recurrent Related Party Transactions.		
RESOLUTION 8 - To renew authority for the Company to purchase its own shares.		
RESOLUTION 9 - To approve the proposed retention of Datuk Robert Yong Kuen Loke as an Independent Non-Executive Director.		

No. of shares held

Signature(s) /Common Seal of Member(s)

Dated this _____ day of _____, 2020.

Notes:

- As part of the measures to curb the spread of Coronavirus Disease 2019, the Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn Bhd which are available on Securities Services e-Portal ("SSEp") at <https://sshhsb.net.my/login.aspx>. Please follow the procedures provided in the Administrative Guide for the AGM of the Company in order to register, participate and vote remotely via RPV facilities.
- The main and only venue of the AGM is the Broadcast Venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the AGM of the Company to be present at the main venue of the AGM of the Company in Malaysia.
- Shareholders/proxy/corporate representatives from the public WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT at the Broadcast Venue on the day of the AGM of the Company.
- A member of the Company who is entitled to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company via RPV facilities 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.
- A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
- An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
- 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, i.e. latest by Sunday, 6 December 2020 at 10.00 a.m.
- Only members whose names appear in the Record of Depositors as at 1 December 2020 shall be entitled to participate and/or vote at the AGM or appoint a proxy to participate and/or vote in his/her stead via RPV facilities.
- 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

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Stamp

THE COMPANY SECRETARY
BERJAYA SPORTS TOTO BERHAD
LOT 13-01A, LEVEL13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1, JALAN IMBI
55100 KUALA LUMPUR

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1st fold here

GROUP ADDRESSES

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H.R. Owen Plc

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For further information, please contact:

The Company Secretary

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Tel : 03-2149 1999
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