

**BERJAYA ASSETS BERHAD**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**30 June 2012**

Company No. 3907-W

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**CORPORATE INFORMATION**

**REGISTERED OFFICE**

Lot 13-01A, Level 13 (East Wing),  
Berjaya Times Square,  
No. 1 Jalan Imbi,  
55100 Kuala Lumpur

**PRINCIPAL PLACE OF BUSINESS**

Level 12, Berjaya Times Square,  
No. 1 Jalan Imbi,  
55100 Kuala Lumpur

**BOARD OF DIRECTORS**

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin  
Dato' Chan Tien Ghee  
Tan Thiam Chai  
Chan Kien Sing  
Lim Meng Kwong  
Dickson Tan Yong Loong  
Datuk Robert Yong Kuen Loke  
Datuk Lye Ek Seang  
Dato' Mohd Salleh Bin Ahmad  
Heng Kiah Choong

**SECRETARIES**

Su Swee Hong (MAICSA No. 0776729)  
Wong Siew Guek (MAICSA No. 7042922)

**AUDITORS**

Ernst & Young  
Chartered Accountants

Company No: 3907-W

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**

**30 JUNE 2012**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' Report	1 - 5
Statement by Directors	6
Statutory Declaration	6
Independent Auditors' Report	7 - 9
Statements of Financial Position	10 - 11
Income Statements	12
Statements of Comprehensive Income	13
Consolidated Statement of Changes in Equity	14
Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16 - 17
Statement of Cash Flows	18
Notes to the Financial Statements	19 - 102
Supplementary Information - Breakdown of Retained Earnings into Realised and Unrealised	103

Company No: 3907-W

## **BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

### **DIRECTORS' REPORT**

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2012.

### **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:

- (i) number forecast lotteries in Sarawak;
- (ii) general trading and commission agent;
- (iii) provision of lottery consultancy and related services;
- (iv) investment holding;
- (v) property investment and development; and
- (vi) operation of theme park.

There have been no significant changes in the nature of the Group's activities during the financial year.

### **RESULTS**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	<u>167,635</u>	<u>22,057</u>
Attributable to:		
Equity holders of the Parent	161,701	22,057
Non-controlling interests	<u>5,934</u>	<u>-</u>
	<u>167,635</u>	<u>22,057</u>

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

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**RESULTS (CONTD.)**

In the opinion of the directors, the results of the operations 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 the financial statements.

**DIVIDENDS**

Since 30 June 2011, the Company had on 16 January 2012, paid a final dividend of 4 sen per ordinary share of RM1.00 on 1,113,041,559 ordinary shares with voting rights less 25% income tax in respect of the financial year ended 30 June 2011, amounting to approximately RM33.391 million.

On 28 August 2012, the Board recommended a final dividend of 2 sen less 25% income tax in respect of the current financial year ended 30 June 2012 on 1,113,041,559 ordinary shares of RM1.00 each (net 1.50 sen per ordinary share of RM1.00) amounting to approximately RM16.696 million to be approved by the Company's shareholders at the forthcoming Annual General Meeting. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the following financial year ending 30 June 2013.

**DIRECTORS**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

YAM Tunku Dato' Seri Shahabuddin

Bin Tunku Besar Burhanuddin

Tan Thiam Chai

Chan Kien Sing

Lim Meng Kwong

Datuk Robert Yong Kuen Loke

Heng Kiah Choong

Dato' Mohd Salleh Bin Ahmad

Dato' Chan Tien Ghee

(Appointed on 19 April 2012)

Dickson Tan Yong Loong

(Appointed on 19 April 2012)

Datuk Lye Ek Seang

(Appointed on 19 April 2012)

Tan Sri Dato' Tan Chee Sing

(Resigned on 19 April 2012)

Ng Su Onn

(Retired on 22 November 2011)

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**DIRECTORS' BENEFITS**

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

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 28 or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36.

**DIRECTORS' INTERESTS IN SHARES**

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

**The Company**

<b>Berjaya Assets Berhad</b>	<b>No. of Ordinary Shares of RM1.00 each</b>			
	<b>At date of appointment</b>	<b>Acquired</b>	<b>Disposed</b>	<b>At 30.6.2012</b>
Dato' Chan Tien Ghee	250,000	-	-	250,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

Significant event during the financial year is disclosed in Note 41.

**OTHER STATUTORY INFORMATION**

- (a) Before the statements of financial position, income statements 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

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**OTHER STATUTORY INFORMATION (CONTD.)**

- (ii) to ensure that any current assets which were unlikely to realise its value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (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 in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations 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.

Company No: 3907-W

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**AUDITORS**

The auditors, Ernst & Young, retire at the forthcoming Annual General Meeting and do not wish to seek re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 October 2012.



TAN THIAM CHAI



CHAN KIEN SING



Company No: 3907-W

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, TAN THIAM CHAI and CHAN KIEN SING, being two of the directors of BERJAYA ASSETS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 102 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2012 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 43 to the financial statements on page 103 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 October 2012.



TAN THIAM CHAI



CHAN KIEN SING

**STATUTORY DECLARATION**

**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, TAN THIAM CHAI, being the Director primarily responsible for the financial management of BERJAYA ASSETS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 103 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 TAN THIAM CHAI at Kuala Lumpur in the Federal Territory on 23 October 2012.



TAN THIAM CHAI

Before me,



No. 86, Tingkat Bawah  
Jalan Putra 6  
50350 Kuala Lumpur

3907-W

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BERJAYA ASSETS BERHAD  
(Incorporated in Malaysia)**

**Report on the financial statements**

We have audited the financial statements of Berjaya Assets Berhad, which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows, of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 102.

*Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3907-W

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BERJAYA ASSETS BERHAD (CONT'D.)  
(Incorporated in Malaysia)

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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 2012 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

*Report on other legal and regulatory requirements*

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements, being the financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

3907-W

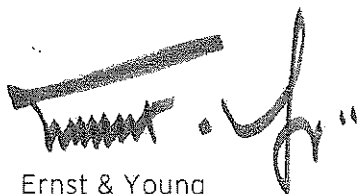
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BERJAYA ASSETS BERHAD (CONT'D.)  
(Incorporated in Malaysia)

**Other reporting responsibilities**

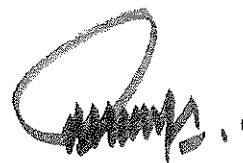
The supplementary information set out in Note 43 to the financial statements on page 103 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young  
AF: 0039  
Chartered Accountants



Teoh Soo Hock  
No. 2477/10/13(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
23 October 2012

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012**

	Note	GROUP		COMPANY	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	169,269	179,869	23	8
Investment properties	4	1,878,996	1,791,850	-	-
Subsidiary companies	5	-	-	1,406,547	1,406,547
Associated company	6	-	-	-	-
Jointly controlled entities	7	4,940	5,999	-	-
Other investments	8	137,147	177,206	1,882	2,359
Derivative asset	9	104	166	-	-
Intangible assets	10	159,305	160,379	-	-
		<u>2,349,761</u>	<u>2,315,469</u>	<u>1,408,452</u>	<u>1,408,914</u>
<b>CURRENT ASSETS</b>					
Inventories	11	200,054	106,052	-	-
Receivables	12	72,287	43,903	64,293	54,966
Tax recoverable		1,072	1,222	1,070	4,246
Cash and bank balances	13	46,600	59,239	1,191	2,736
		<u>320,013</u>	<u>210,416</u>	<u>66,554</u>	<u>61,948</u>
<b>TOTAL ASSETS</b>		<u>2,669,774</u>	<u>2,525,885</u>	<u>1,475,006</u>	<u>1,470,862</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)**

	Note	GROUP		COMPANY	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>EQUITY</b>					
Share capital	14	1,113,042	1,113,042	1,113,042	1,113,042
Share premium	15	258,985	258,985	258,985	258,985
Available-for-sale reserve	16	50,180	99,828	900	1,579
Foreign currency translation reseves		2	-	-	-
Retained earnings	17	497,144	368,834	76,489	87,823
Equity funds		1,919,353	1,840,689	1,449,416	1,461,429
Non-controlling interests		3,647	5,013	-	-
Total equity		1,923,000	1,845,702	1,449,416	1,461,429
<b>NON-CURRENT LIABILITIES</b>					
Bank borrowings	18	198,083	311,397	-	-
Senior bonds	19	157,980	-	-	-
Hire purchase liabilities	20	222	3,090	-	-
Long term liabilities	21	14,658	16,568	-	-
Deferred tax liabilities	22	270,901	245,814	3	3,002
		641,844	576,869	3	3,002
<b>CURRENT LIABILITIES</b>					
Payables	23	70,781	49,150	25,587	6,431
Bank borrowings	18	29,558	51,364	-	-
Hire purchase liabilities	20	2,688	2,526	-	-
Tax payable		1,903	274	-	-
		104,930	103,314	25,587	6,431
Total liabilities		746,774	680,183	25,590	9,433
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,669,774</b>	<b>2,525,885</b>	<b>1,475,006</b>	<b>1,470,862</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	Note	GROUP		COMPANY	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	24	331,370	354,000	23,046	25,029
Cost of sales	25	(194,139)	(210,653)	-	-
Gross profit		137,231	143,347	23,046	25,029
Fair value adjustment					
on investment properties	4	82,265	243,607	-	-
Other income	26	70,754	67,969	1,105	777
Distribution and marketing expenses		(4,596)	(4,293)	-	-
Administrative expenses		(58,395)	(54,592)	(1,616)	(1,209)
Other expenses	29	(2,166)	(997)	(6)	-
Operating profit		225,093	395,041	22,529	24,597
Finance costs	30	(24,598)	(27,311)	(282)	(163)
Share of results of jointly controlled entities		814	1,156	-	-
Profit before tax	31	201,309	368,886	22,247	24,434
Income tax expense	32	(33,674)	(72,949)	(190)	(3,233)
Profit for the year		167,635	295,937	22,057	21,201
Attributable to:					
Equity holders of the Parent		161,701	290,646	22,057	21,201
Non-controlling interests		5,934	5,291	-	-
		167,635	295,937	22,057	21,201
<b>Earnings per share attributable to equity holders of the Parent (sen)</b>					
Basic	33	14.53	26.11		
Net dividend per share (sen)					
Final dividend	34			1.50	3.00

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the year	167,635	295,937	22,057	21,201
Other comprehensive income:				
Net (loss)/gain on fair value				
changes of available-for-sale investments	(49,648)	6,091	(679)	193
Currency translation difference	2	-	-	-
Income tax relating to				
components of other comprehensive income	-	-	-	-
	<u>117,989</u>	<u>302,028</u>	<u>21,378</u>	<u>21,394</u>
Attributable to:				
- Equity holders of the Parent	112,055	296,737	21,378	21,394
- Non-controlling interests	5,934	5,291	-	-
	<u>117,989</u>	<u>302,028</u>	<u>21,378</u>	<u>21,394</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012**

	<-----Attributable to the equity holders of the Parent ----->							Total Equity RM'000
	<-----Non-distributable----->				Distributable			
	Share Capital RM'000	Share Premium RM'000	Available- for-sale Reserve RM'000	Foreign currency translation reserves RM'000	Retained Earnings RM'000	Equity Funds RM'000	Non- controlling Interests RM'000	
<b>At 1 July 2011</b>	1,113,042	258,985	99,828	-	368,834	1,840,689	5,013	1,845,702
Total comprehensive income	-	-	(49,648)	2	161,701	112,055	5,934	117,989
Transactions with owners:								
Non-controlling interests arising from additional subscription of shares in a subsidiary company	-	-	-	-	-	-	400	400
Dividends (Note 34)	-	-	-	-	(33,391)	(33,391)	-	(33,391)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(7,700)	(7,700)
<b>At 30 June 2012</b>	<u>1,113,042</u>	<u>258,985</u>	<u>50,180</u>	<u>2</u>	<u>497,144</u>	<u>1,919,353</u>	<u>3,647</u>	<u>1,923,000</u>
<b>At 1 July 2010</b>	1,113,042	258,985	93,737	-	94,884	1,560,648	3,747	1,564,395
Total comprehensive income	-	-	6,091	-	290,646	296,737	5,291	302,028
Transactions with owners:								
Dividends (Note 34)	-	-	-	-	(16,696)	(16,696)	-	(16,696)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,025)	(4,025)
<b>At 30 June 2011</b>	<u>1,113,042</u>	<u>258,985</u>	<u>99,828</u>	<u>-</u>	<u>368,834</u>	<u>1,840,689</u>	<u>5,013</u>	<u>1,845,702</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012**

	<---Non-distributable--->			Distributable	
	Share Capital RM'000	Share Premium RM'000	Available- for-sale Reserve RM'000	Retained Earnings RM'000	Total RM'000
<b>At 1 July 2011</b>	1,113,042	258,985	1,579	87,823	1,461,429
Total comprehensive income	-	-	(679)	22,057	21,378
Transaction with owners:					
Dividends (Note 34)	-	-	-	(33,391)	(33,391)
<b>At 30 June 2012</b>	<u>1,113,042</u>	<u>258,985</u>	<u>900</u>	<u>76,489</u>	<u>1,449,416</u>
<b>At 1 July 2010</b>	1,113,042	258,985	1,390	83,318	1,456,735
Total comprehensive income	-	-	189	21,201	21,390
Transaction with owners:					
Dividends (Note 34)	-	-	-	(16,696)	(16,696)
<b>At 30 June 2011</b>	<u>1,113,042</u>	<u>258,985</u>	<u>1,579</u>	<u>87,823</u>	<u>1,461,429</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 RM'000	2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		338,496	388,105
Payments to suppliers, prize winners and other operating expenses		(202,792)	(223,829)
Payments for pool betting duties, gaming tax, royalties and other government contributions		(45,699)	(42,871)
Tax refund		3	196
Payment of taxes		(6,811)	(4,810)
Other receipts		411	368
Net cash generated from operating activities		<u>83,608</u>	<u>117,159</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		126	8
Acquisitions of property, plant and equipment	(a)	(1,655)	(3,911)
Acquisitions of properties		(111,754)	(35,658)
Sale of other investments		11,262	6,563
Sale of properties		100,665	116,703
Acquisition of investment in a jointly controlled entity		-	(1,240)
Acquisition of other investments		(19,428)	(44,270)
Interest received		1,322	1,281
Dividends received		4,102	3,307
Deposits paid in relation to proposed acquisition of properties		(40,185)	(29,173)
Net cash (used in)/generated from investing activities		<u>(55,545)</u>	<u>13,610</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of share capital to non-controlling interests		400	-
Issuance of Senior Bonds		160,000	-
Drawdown of borrowings and loans		9,930	370,000
Repayment of borrowings and loans		(150,482)	(436,580)
Interest paid		(22,185)	(25,924)
Payment of hire purchase liabilities		(2,706)	(2,479)
Dividends paid to shareholders of the Company		(33,391)	(16,696)
Dividends paid to non-controlling interests		(7,700)	(4,025)
Net cash used in financing activities		<u>(46,134)</u>	<u>(115,704)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(18,071)	15,065
<b>OPENING CASH AND CASH EQUIVALENTS</b>		56,043	40,978
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	(b)	<u>37,972</u>	<u>56,043</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012 (CONTD.)**

(a) The additions in property, plant and equipment were acquired by way of:

	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash	1,655	3,911
Hire purchase arrangements	-	8,000
Prepayments made in the previous financial year	-	3,887
	<u>1,655</u>	<u>15,798</u>

(b) The closing cash and cash equivalents comprise of:

Deposits with licensed banks (Note 13)	27,929	32,398
Cash on hand and at banks (Note 13)	18,671	26,841
Bank overdraft (Note 18)	(8,628)	(3,196)
	<u>37,972</u>	<u>56,043</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 RM'000	2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments for operating expenses		(1,020)	(392)
Payment of taxes		(13)	(42)
Net cash used in operating activities		<u>(1,033)</u>	<u>(434)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of other investments		-	81
Acquisition of other investments		(208)	-
Acquisition of property, plant and equipment	(a)	(24)	(12)
Interest received		1,105	759
Dividends received		31,321	12,241
Deposits paid in relation to proposed acquisition of properties		(196)	(173)
Net cash generated from investing activities		<u>31,998</u>	<u>12,896</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(282)	(163)
Inter-company repayments		1,163	6,165
Dividends paid to shareholders of the Company		(33,391)	(16,696)
Net cash used in financing activities		<u>(32,510)</u>	<u>(10,694)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(1,545)	1,768
<b>OPENING CASH AND CASH EQUIVALENTS</b>		2,736	968
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	(b)	<u><u>1,191</u></u>	<u><u>2,736</u></u>

(a) The additions in property, plant and equipment were acquired by way of:

	2012 RM'000	2011 RM'000
Cash	<u>24</u>	<u>12</u>

(b) The closing cash and cash equivalents comprise of:

Deposits with licensed banks (Note 13)	1,150	2,554
Cash on hand and at banks (Note 13)	41	182
	<u>1,191</u>	<u>2,736</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012**

**1 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:

- (i) number forecast lotteries in Sarawak;
- (ii) general trading and commission agent;
- (iii) provision of lottery consultancy and related services;
- (iv) investment holding;
- (v) property investment and development; and
- (vi) operation of theme park.

There have been no significant changes in the nature of the Group's activities during the financial year.

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 October 2012.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation**

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below and comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new FRSs, Amendments to FRSs and Interpretations which are mandatory as described fully in Note 2.3.

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

**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 all its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effects of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Subsidiary companies are consolidated using the acquisition method of accounting 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.

Under the acquisition method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition. The acquisition method of accounting involves allocating the cost of acquisition to the fair value of the assets acquired and liabilities assumed at the date of acquisition. 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. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities assumed, and equity instruments issued. Any costs directly attributable to the acquisition is recognised immediately in the income statement.

When control in a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in the income statement. Similarly, when control over a subsidiary company is lost, any interest retained is measured at fair value and the corresponding gain or loss is recognised in the income statement.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree, and the fair value of any Group's previously held equity interest in the acquiree (herein after referred to as cost of business combination), over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill.

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(a) Subsidiary Companies and Basis of Consolidation (contd.)**

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. Intra-group balances, transactions, income and expenses are eliminated in full.

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

Non-controlling interests are presented separately in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Profit or loss and each component of other comprehensive income are attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests recording a deficit balance.

Changes in the parent's ownership interest in a subsidiary company that do not result in loss of control, are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. 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.

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

**(b) Associated Companies**

Associated companies are companies in which the Group has a long term equity interest and where it exercises significant influence over its financial and operating policies through Board representation.

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



**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

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

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

**(b) Associated Companies (contd.)**

Under the equity method of accounting, the Group's investment in associated companies is carried in the consolidated statement of financial position at cost adjusted for the Group's share of post-acquisition changes in net assets of the associated companies less impairment losses. The Group's share of comprehensive income of associated companies acquired or disposed of during the financial year, is included in the consolidated income statement from the date that significant influence effectively commences until the date that significant influence effectively ceases, as appropriate.

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

Goodwill relating to an associated company is 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 associate's identifiable assets acquired and liabilities assumed over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's profit and loss in the period in which the investment is acquired.

When the Group's share of losses exceeds its interest in an equity accounted associated company including any long term interest, that, in substance, forms part of the group's net investment in the associated company, 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 an obligation or has made payment on behalf of the associated companies.

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

**(c) Jointly Controlled Entities**

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or another entity in which the Group has joint control over its economic activity established under a contractual arrangement.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(c) Jointly Controlled Entities (contd.)**

Investment in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting as described in Note 2.2 (b).

**(d) Affiliated Companies**

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

**(e) Property, Plant and Equipment, and Depreciation**

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

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(e) Property, Plant and Equipment, and Depreciation (contd.)**

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

Freehold building	2%
Short term leasehold land and buildings	Over 50 years
Plant, machinery and equipment	10% - 20 %
Computer equipment	10% - 20%
Renovation and signage	10% - 33.3%
Furniture, fittings and office equipment	10% - 50%
First aid and theme park equipment	10% - 20%
Cinema fixtures, fittings and equipment	10% - 20%
Motor vehicles	14% - 20%
Others *	10% - 20%

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

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

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

**(f) Investment Properties**

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

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

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

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

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

**(f) Investment Properties (contd.)**

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

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

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

**(g) Inventories**

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

Finished goods and souvenirs are stated at the lower of cost and net realisable value. Cost of finished goods and souvenirs comprise of invoiced value of the goods purchased plus incidental expenses. Cost is determined on the first-in, first-out basis.

Ticket inventories and gaming equipment are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(h) Provisions**

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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.

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

**(i) Leases**

**(i) As Lessee**

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

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

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

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

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

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

**(i) Leases (contd.)**

(ii) As Lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.2 (w)(vi).

**(j) Intangible Assets**

(i) Goodwill

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

(ii) Other Intangible Asset

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

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

Other intangible asset comprises the rights to receive Special Cash Sweep Lottery royalty revenue. The intangible asset is amortised over the period of the rights of 30 years commencing 9 November 1999.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(k) Income Tax**

(i) Current Tax

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

Current taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside the income statement which is recognised 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.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, associated companies and jointly controlled entities, 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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(k) Income Tax (contd.)**

(ii) Deferred Tax (contd.)

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

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

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

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

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

(iii) Gaming and Sales Tax

Revenues, expenses and assets are recognised net of the amount of gaming or sales tax, while expenses are recognised net of sales tax except :

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- receivables and payables that are stated with the amount of sales tax included.



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(k) Income Tax (contd.)**

(iii) Gaming and Sales Tax (contd.)

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

**(l) Employee Benefits**

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

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

**(m) Impairment of Non-Financial Assets**

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(m) Impairment of Non-Financial Assets (contd.)**

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

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

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

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

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(n) Foreign Currencies**

**(i) Functional and Presentation Currency**

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

**(ii) Foreign Currency Transactions**

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

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

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

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(n) Foreign Currencies (contd.)**

(iii) Foreign Operations

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

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

The principal closing rates used in translation are as follows:

Foreign currency	Currency code	2012 RM	2011 RM
1 Sterling Pound	GBP	4.960	4.863
1 Singapore Dollar	SGD	2.497	2.456
1 United States Dollar	USD	3.197	3.027

**(o) Financial Assets**

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

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

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(o) Financial Assets (contd.)**

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

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

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

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

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

**(ii) Loans and Receivables**

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

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(o) Financial Assets (contd.)**

**(ii) Loans and Receivables (contd.)**

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

**(iii) Held-To-Maturity Investments**

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

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

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

**(iv) Available-For-Sale Financial Assets**

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

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

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(o) Financial Assets (contd.)**

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

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

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

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

**(p) Impairment of Financial Assets**

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

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

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

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(p) Impairment of Financial Assets (contd.)**

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

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

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

- (ii) Available-For-Sale Financial Assets

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

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

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



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(q) Cash and Cash Equivalents**

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

**(r) Financial Liabilities**

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

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

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

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

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

**(ii) Other Financial Liabilities**

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

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(r) Financial Liabilities (contd.)**

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

For other financial liabilities, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

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

**(s) Financial Guarantee Contracts**

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

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

**(t) Borrowing Costs**

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(t) Borrowing Costs (contd.)**

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

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

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**(u) Share Capital**

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

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

**(v) 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 or of the Company.

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

**(w) Revenue Recognition**

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(w) Revenue Recognition (contd.)**

(i) Dividend income

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

(ii) Interest income

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

(iii) Gaming activities

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

(iv) Gaming equipment sale

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

(v) Management fee income

Management fee income is recognised on an accrual basis.

(vi) Rental income

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

(vii) Sale of goods and properties

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

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

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

**(w) Revenue Recognition (contd.)**

(viii) Theme park tickets

Revenue from sale of theme park tickets are recognised when obligation to render services are discharged.

(ix) Other income

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

**(x) Segment Information**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the 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. The segment information by geographical locations is not applicable as the Group operates predominantly in Malaysia.

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

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

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

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

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

**2.3 Changes in Accounting Policies**

On 1 July 2011, the Group and the Company adopted the following new FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations:

Amendments to FRS 1 Limited Exemption for First-time Adopters  
Amendments to FRS 1 Additional Exemptions for First-time Adopters  
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions  
Amendments to FRS 7 Improving Disclosures about Financial Instruments  
Improvements to FRSs Issued in 2010  
TR 3 Guidance on Disclosures of Transition to IFRSs  
TR i-4 Shariah Compliant Sale Contracts

IC Interpretation 4 Determining whether an Agreement contains a Lease  
IC Interpretation 18 Transfers of Assets from Customers  
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives  
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement  
Amendments to IC Interpretation 15 Agreements for the Construction of Real Estate

Adoption of the above new FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

Amendments to FRS 7 Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for the transfers need to be disclosed. The amendments also clarify the requirements for liquidity risks disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 38(b). The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 39(b).

## **BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

## **2 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.4 Malaysian Financial Reporting Standards**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture and IC Interpretation 15: Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

The Group will be required to prepare the financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2013.

### **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 FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

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

**2.5 Significant Accounting Estimates and Judgements (contd.)**

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

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

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

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

**(ii) Leases - As lessor**

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

**(iii) Impairment of available-for-sale investments**

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

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

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

For the financial year ended 30 June 2012, the amount of impairment loss recognised for available-for-sale investments was RM1,942,000 (2011 : RMNil).



**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

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

**2.5 Significant Accounting Estimates and Judgements (contd.)**

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

**(iv) Financial guarantee contracts**

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

For the financial year ended 30 June 2012, the Company has assessed the existing financial guarantee contracts and determined that the guarantees are more likely not to be called upon by the financiers. Financial impact of such guarantees is not material.

**(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**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use ("VIU") of the cash-generating unit ("CGU") to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill are disclosed in Note 10.

**(ii) Impairment of property, plant and equipment and investment in subsidiary companies**

During the current financial year, the Group has recognised impairment losses in respect of its property, plant and equipment. The Group carried out the impairment test based on the assessment of the fair value of the respective asset's or CGU's fair value less costs to sell or based on the estimation of the value-in-use ("VIU") of the CGUs to which the respective property, plant and equipment and subsidiary companies are allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

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

**2.5 Significant Accounting Estimates and Judgements (contd.)**

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

**(ii) Impairment of property, plant and equipment and investment in subsidiary companies (contd.)**

The carrying amount of property, plant and equipment of the Group is disclosed in Note 3.

**(iii) Depreciation of plant, machinery and equipment**

The cost of plant, machinery and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant, machinery and equipment to be within 5 to 10 years. These are common life expectancies applied in the industry.

**(iv) Impairment of loans and receivables**

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Details of impairment of loans and receivables are disclosed in Note 12.

**(v) Income tax**

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 32.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

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

**2.5 Significant Accounting Estimates and Judgements (contd.)**

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

**(vi) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 22.

**(vii) Revaluation of investment properties**

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

**(viii) Derivative asset**

The Group measures the derivative asset by reference to the fair value of the derivative asset at reporting date. Estimating fair value of the derivative asset requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the derivative asset, and making relevant assumptions. The details of the derivative asset are disclosed in Note 9.

**(ix) Provision for minimum rental payable**

In the prior financial years, a subsidiary company of the Group made a provision for minimum rental payable of USD886,000 (approximately RM2,832,000) upon the termination of a lease on a theatre system. The subsidiary company received a statement of accounts from the lessor stating that the amount owing to the lessor as RMNil. The management is of the view that after consulting its legal advisors this RMNil balance statement of accounts does not preclude the lessor from filing a claim for the minimum rental payable. As such, the provision should remain as included in Note 23.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**3 PROPERTY, PLANT AND EQUIPMENT**

<b>GROUP</b>	<b>Net carrying amount at</b>				<b>Depreciation</b>	<b>Net carrying amount at</b>
	<b>1.7.2011</b>	<b>Additions</b>	<b>Disposals</b>	<b>Write off</b>		
<b>30 June 2012</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold building	148,636	-	-	-	(3,474)	145,162
Short term leasehold land and buildings	4,233	-	-	-	(102)	4,131
Plant, machinery and equipment	239	11	-	-	(237)	13
Computer equipment	9,403	179	-	-	(1,218)	8,364
Renovation and signage	5,148	886	-	-	(2,251)	3,783
Furniture, fittings and office equipment	1,630	155	(77)	(7)	(472)	1,229
First aid and theme park equipment	8,668	103	-	(1)	(3,853)	4,917
Cinema fixtures, fittings and equipment	389	-	-	-	(167)	222
Motor vehicles	1,251	174	(6)	-	(345)	1,074
Others	272	147	-	-	(45)	374
	<b>179,869</b>	<b>1,655</b>	<b>(83)</b>	<b>(8)</b>	<b>(12,164)</b>	<b>169,269</b>

<b>GROUP</b>	<b>Net carrying amount at</b>				<b>Depreciation</b>	<b>Net carrying amount at</b>
	<b>1.7.2010</b>	<b>Additions</b>	<b>Disposals</b>	<b>Write off</b>		
<b>30 June 2011</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold building	152,110	-	-	-	(3,474)	148,636
Short term leasehold land and buildings	4,334	-	-	-	(101)	4,233
Plant, machinery and equipment	940	-	-	-	(701)	239
Computer equipment	920	9,686	-	-	(1,203)	9,403
Renovation and signage	2,436	4,203	-	-	(1,491)	5,148
Furniture, fittings and office equipment	2,133	366	(6)	(310)	(553)	1,630
First aid and theme park equipment	12,493	16	-	(1)	(3,840)	8,668
Cinema fixtures, fittings and equipment	-	500	-	-	(111)	389
Motor vehicles	811	760	-	-	(320)	1,251
Others	45	267	(2)	-	(38)	272
	<b>176,222</b>	<b>15,798</b>	<b>(8)</b>	<b>(311)</b>	<b>(11,832)</b>	<b>179,869</b>

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**3 PROPERTY, PLANT AND EQUIPMENT (CONTD.)****GROUP**

	Cost RM'000	Accumulated		Net carrying amount RM'000
		depreciation RM'000	impairment losses RM'000	
<b>At 30 June 2012</b>				
Freehold building	173,715	28,553	-	145,162
Short term leasehold land and buildings	5,074	943	-	4,131
Plant, machinery and equipment	7,356	7,343	-	13
Computer equipment	14,209	5,845	-	8,364
Renovation and signage	9,534	5,751	-	3,783
Furniture, fittings and office equipment	5,096	3,800	67	1,229
First aid and theme park equipment	38,580	33,663	-	4,917
Cinema fixtures, fittings and equipment	22,276	11,636	10,418	222
Motor vehicles	2,949	1,875	-	1,074
Others	914	540	-	374
	<u>279,703</u>	<u>99,949</u>	<u>10,485</u>	<u>169,269</u>

**At 30 June 2011**

Freehold building	173,715	25,079	-	148,636
Short term leasehold land and buildings	5,074	841	-	4,233
Plant, machinery and equipment	7,345	7,106	-	239
Computer equipment	14,030	4,627	-	9,403
Renovation and signage	8,648	3,500	-	5,148
Furniture, fittings and office equipment	5,025	3,328	67	1,630
First aid and theme park equipment	38,478	29,810	-	8,668
Cinema fixtures, fittings and equipment	22,276	11,469	10,418	389
Motor vehicles	2,781	1,530	-	1,251
Others	767	495	-	272
	<u>278,139</u>	<u>87,785</u>	<u>10,485</u>	<u>179,869</u>

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

	Group	
	2012 RM'000	2011 RM'000
Motor vehicles	15	51
Computer equipment	7,350	8,268
	<u>7,365</u>	<u>8,319</u>

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**3 PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

- (b) The net carrying amounts of property, plant and equipment pledged to financial institutions for credit facilities granted to the Group, as referred to in Notes 18 and 19 are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold building	145,162	148,636
Short term leasehold land and buildings	-	4,233
Plant, machinery and equipment	-	6
Computer equipment	352	9,395
Renovation and signage	3,190	5,148
Furniture, fittings and office equipment	1,229	1,630
Cinema fixtures, fittings and equipment	222	389
Motor vehicles	571	1,169
Others	-	272
	<u>150,726</u>	<u>170,878</u>

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

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Plant, machinery and equipment	7,238	-
Furniture, fittings and office equipment	1,354	1,125
Computers	1,968	1,810
Renovation	766	284
First aid equipment	73	73
Motor vehicles	402	386
Others	342	-
	<u>12,143</u>	<u>3,678</u>

**COMPANY**

	<b>Net carrying amount at</b>		<b>Depre- ciation</b>	<b>Net carrying amount at</b>	
	<b>1.7.2011 /</b>	<b>Additions</b>		<b>30.6.2012 /</b>	<b>30.6.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>At 30 June 2012</b>					
Computer equipment	8	24	(9)	23	
<b>At 30 June 2011</b>					
Computer equipment	-	12	(4)	8	
	<b>Cost</b>	<b>Accumulated depreciation</b>		<b>Net carrying amount</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>At 30 June 2012</b>					
Computer equipment	48	25		23	
<b>At 30 June 2011</b>					
Computer equipment	24	16		8	

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**4 INVESTMENT PROPERTIES**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At fair value :		
At 1 July 2011/2010	1,791,850	1,607,000
Fair value adjustment	82,265	243,607
Additions during the year	45,318	1,850
Disposals during the year	(40,437)	(60,607)
At 30 June 2012/2011	<u>1,878,996</u>	<u>1,791,850</u>

Investment properties amounting to RM1,837,366,000 (2011 : RM1,790,000,000) have been pledged to financial institutions for credit facilities as referred to in Notes 18 and 19.

The fair value of the investment properties is measured on 30 June 2012 by an independent professional valuer by reference to open market value using the Investment, Discounted Cash Flow and Comparison Methods.

**5 SUBSIDIARY COMPANIES**

	<b>Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost	<u>1,406,547</u>	<u>1,406,547</u>

The Group's effective equity interest in the subsidiary companies, their respective principal activities and countries of incorporation are shown in Note 42.

During the financial year, the Group and its subsidiary company, Berjaya Times Square Sdn Bhd:

- (a) acquired 100% equity interest in Sapphire Transform Sdn Bhd for a total consideration of RM2.00;
- (b) subscribed additional 599,998 new ordinary shares of RM1.00 each representing 60% of the equity interest in Danau Laris Sdn Bhd for a total consideration of RM599,998 whilst the non-controlling interest subscribed for 400,000 new ordinary shares of RM1.00 each for a total consideration of RM400,000;
- (c) acquired 100% equity interest in BTS Cultural Centre Sdn Bhd (formerly known as Popular Earnings Sdn Bhd) for a total consideration of RM2.00;
- (d) acquired 100% equity interest in Pesaka Ikhlas (M) Sdn Bhd for a total consideration of RM2.00; and

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**5 SUBSIDIARY COMPANIES (CONTD.)**

- (e) the incorporation of two wholly-owned subsidiaries, BTS (Cayman) Limited (in the Cayman Islands) and Cardiff Asset Limited (in the United Kingdom).

The above mentioned acquisitions and incorporation of subsidiaries did not have any material impact to the financial statements at the dates of acquisition and incorporation.

**6 ASSOCIATED COMPANY**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost	530	530
Share of post acquisition reserves	(30)	(30)
	<u>500</u>	<u>500</u>
Less : Accumulated impairment losses	(500)	(500)
	<u><u>-</u></u>	<u><u>-</u></u>

The Group's share of losses in the associated company has been accounted for to the extent of its investment cost.

The details of the associated company are set out in Note 42.

**7 JOINTLY CONTROLLED ENTITIES**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost	3,740	3,740
Share of post acquisition reserves	1,200	2,259
	<u>4,940</u>	<u>5,999</u>

The Group's share of profit after tax of the jointly controlled entities which have been recognised in the financial statements amounted to RM814,000 (2011 : RM1,156,000).

The Group received a net dividend income amounting to RM1,873,000 (2011 : RM1,875,000) from a certain jointly controlled entity.



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**7 JOINTLY CONTROLLED ENTITIES (CONTD.)**

Details of the jointly controlled entities are as follows:

Name of Jointly Controlled Entity	Paid-up Capital	Effective interest		Principal Activity
		2012 %	2011 %	
Berjaya - GSC Sdn Bhd	RM5,000,000	50	50	Cinema operations
Cardiff City (House of Sport) Limited	GBP500,000 (approximately RM2,480,000)	50	50	Development and running of a sports and leisure academy

The aggregate amounts of each of the current assets, non-current assets, current liabilities, non-current liability, income and expenses related to the Group's interest in the jointly controlled entities are as follows:

	Group	
	2012 RM'000	2011 RM'000
<b>Assets and Liabilities</b>		
Current assets	3,752	3,651
Non-current assets	7,773	8,558
Total assets	<u>11,525</u>	<u>12,209</u>
Current liabilities	1,958	2,200
Non-current liability	4,627	4,010
Total liabilities	<u>6,585</u>	<u>6,210</u>
<b>Results</b>		
Revenue	6,160	5,897
Expenses, including finance costs and income tax expense	<u>(5,346)</u>	<u>(4,741)</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**8 OTHER INVESTMENTS**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Quoted shares in Malaysia at fair value	121,239	165,182	1,677	2,359
Quoted loan stocks in Malaysia at fair value	9,075	7,426	165	-
Quoted warrants in Malaysia at fair value	2,184	-	40	-
Unquoted loan stocks outside Malaysia at fair value	3,628	3,565	-	-
Malaysian Government Securities at cost	1,021	1,033	-	-
Total investments	<u>137,147</u>	<u>177,206</u>	<u>1,882</u>	<u>2,359</u>
Market value of:				
- Malaysian Government Securities	<u>1,038</u>	<u>1,050</u>	<u>-</u>	<u>-</u>

As at 30 June 2012, the investments in quoted shares, loan stocks and warrants included certain investments in affiliated companies, Berjaya Corporation Berhad ("BCorp"), Berjaya Land Berhad, Berjaya Media Berhad and Dijaya Corporation Berhad with a net carrying amount of RM65,365,000 (2011 : RM90,638,000), RM53,088,000 (2011 : RM64,550,000), RM1,086,000 (2011 : RM1,070,000) and RM11,400,000 (2011 : RM15,500,000) respectively.

Certain quoted shares of the Group with fair value of RM99,062,000 (2011 : RM112,258,000) have been pledged to financial institutions for credit facilities granted to certain of its subsidiary companies.

In the previous financial year, quoted loan stocks in Malaysia designated as available-for-sale equity investments comprised investments in 0% Irredeemable Convertible Unsecured Loan Stocks 2005/2015 issued by an affiliated company, BCorp ("0% BCorp ICULS").

During the financial year, the Group subscribed for additional approximately 11 million BCorp shares of RM1.00 each by converting the 0% BCorp ICULS at the rate of one RM0.50 nominal value of 0% BCorp ICULS plus RM0.50 in cash for one RM1.00 ordinary share of BCorp.

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

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**8 OTHER INVESTMENTS (CONTD.)**

The main features of BCorp ICULS are as follows:

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

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

- a) The 3% RCULS shall be convertible into ordinary shares of Cardiff during the period from 30 November 2010 to the maturity date on 29 November 2015 at the rate of one GBP1.00 nominal value of 3% RCULS for one GBP1.00 ordinary share of Cardiff;
- b) Upon conversion of the 3% RCULS into new Cardiff ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of Cardiff in issue at the time of conversion except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the 3% RCULS are converted or any interim dividend declared prior to the date of conversion of 3% RCULS; and
- c) The interest on the 3% RCULS is payable semi-annually in arrears.

The Group also recognised an impairment loss amounting to RM1,942,000 (2011 : RMNil) of certain quoted shares designated as available-for-sale financial assets due to significant decline of more than 20% in the fair values of these investments below their costs.

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**9 DERIVATIVE ASSET**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2011/2010	166	-
Changes in fair value during the year	(62)	166
At 30 June 2012/2011	<u>104</u>	<u>166</u>

This represents the exchange feature which is a separated embedded derivative contained in the unquoted 3% RCULS as disclosed in Note 8. The 3% RCULS holders are able to exchange the 3% RCULS into unquoted Cardiff ordinary shares at the rate of one 3% RCULS for one Cardiff ordinary share. The derivative asset is carried at fair value through profit or loss. The fair value of this unquoted derivative asset is measured as the difference between the fair value of the hybrid instrument and the fair value of the host contract.

**10 INTANGIBLE ASSETS**

**Group**

	<b>Goodwill on consolidation</b>	<b>Rights</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 July 2011/2010	199,928	28,243	228,171
Arising from acquisition of a subsidiary company	27	-	27
At 30 June 2012/2011	<u>199,955</u>	<u>28,243</u>	<u>228,198</u>
<b>Accumulated amortisation and impairment losses</b>			
At 1 July 2010	59,319	7,372	66,691
Amortisation (Note 31)	-	1,101	1,101
At 30 June 2011	59,319	8,473	67,792
Amortisation (Note 31)	-	1,101	1,101
At 30 June 2012	<u>59,319</u>	<u>9,574</u>	<u>68,893</u>
<b>Net carrying value</b>			
At 30 June 2012	<u>140,636</u>	<u>18,669</u>	<u>159,305</u>
At 30 June 2011	<u>140,609</u>	<u>19,770</u>	<u>160,379</u>

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**10 INTANGIBLE ASSETS (CONTD.)**

Rights

Comprises the rights to receive Special Cash Sweep Lottery royalty revenue. The intangible asset is amortised over the period of the rights of 30 years commencing 9 November 1999.

Impairment test for goodwill

Goodwill of RM140,609,000 (2011 : RM140,609,000) and RM27,000 (2011 : RMNil) have been allocated to the Group's CGUs identified to the gaming and related activities business segment and the property investment business segment respectively.

Key assumptions used in value-in-use calculations

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

- (i) Budgeted gross margin and growth rate  
The basis used to determine the value assigned to the budgeted gross margins and growth rate is the average gross margins and average growth rate achieved in the years before the budgeted year and increased for expected efficiency improvements.
- (ii) Discount rate  
The discount rate used is pre-tax and reflects specific risks relating to the Company.

Sensitivity to changes in assumptions

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**11 INVENTORIES**

	Group	
	2012 RM'000	2011 RM'000
At cost :		
Finished goods	194	20
Ticket inventories and souvenirs	446	564
Gaming equipment	228	468
	868	1,052
At net realisable value :		
Properties held for sale	199,186	105,000
	200,054	106,052

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM1,250,000 (2011 : RM24,936,000).

Properties held for sale is pledged to financial institutions for bank borrowings as referred to in Note 18.

During every financial year, the Group carries out the impairment test based on the assessment of lower of its cost and net realisable value of its inventories as at the reporting date. In the previous financial year, the review led to the recognition of :

- (i) a write-back of impairment for properties held for sale RM823,000 as disclosed in Note 26. The net realisable value of the properties held for sale were determined by an independent professional valuer by reference to open market value using the Investment, Discounted Cash Flow and Comparison Methods; and
- (ii) a write-off of inventories amounting to RM329,000 due to obsolescence as disclosed in Note 29.

**12 RECEIVABLES**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Current:</b>				
<u>Trade receivables</u>				
Third parties (Note a)	30,632	14,405	-	-
Less: Allowance for impairment	(7,974)	(10,161)	-	-
Trade receivables, net	22,658	4,244	-	-

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**12 RECEIVABLES (CONTD.)**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Other receivables (Note b)</u>				
Sundry receivables	3,617	4,744	147	-
Deposits	1,038	912	-	-
Amount due from affiliated companies	1,189	1,414	-	-
Amount due from a jointly controlled entity	164	42	-	-
Amount due from subsidiary companies	-	-	63,736	45,755
	<u>6,008</u>	<u>7,112</u>	<u>63,883</u>	<u>45,755</u>
Less: Allowance for impairment	-	(259)	-	-
	<u>6,008</u>	<u>6,853</u>	<u>63,883</u>	<u>45,755</u>
<b>Other current assets (Note c)</b>				
Deposits for acquisition of assets	40,358	29,173	369	173
Dividend receivable	-	375	-	9,000
Prepayments	3,263	3,258	41	38
	<u>43,621</u>	<u>32,806</u>	<u>410</u>	<u>9,211</u>
Total current receivables	<u>72,287</u>	<u>43,903</u>	<u>64,293</u>	<u>54,966</u>

## (a) Trade receivables

The Group's trade receivables are non-interest bearing with credit term ranging from 7 to 30 (2011 : 7 to 30) days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**12 RECEIVABLES (CONTD.)**

(i) Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	2,615	3,296
1 to 30 days past due not impaired	24	215
31 to 60 days past due not impaired	17,492	412
61 to 90 days past due not impaired	214	78
91 to 120 days past due not impaired	1	35
More than 120 days past due not impaired	2,312	208
	20,043	948
Impaired	7,974	10,161
	30,632	14,405

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM20,043,000 (2011: RM948,000) 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 individually assessed and impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables - nominal amounts	7,974	10,161
Less: Allowance for impairment	(7,974)	(10,161)
	-	-



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**12 RECEIVABLES (CONTD.)**

- (i) Ageing analysis of trade receivables (contd.)  
Receivables that are impaired (contd.)

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Movement in allowance accounts:		
At 1 July 2011/2010	10,161	15,730
Charge for the year (Note 31)	1,522	744
Reversal of impairment loss (Note 31)	(3,709)	(6,313)
At 30 June 2012/2011	7,974	10,161

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

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

- (b) Other receivables

In the previous financial year, the Group provided an allowance of RM259,000 being impairment in respect of an insurance claim.

The amounts due from subsidiaries, affiliated companies and a jointly controlled entity are unsecured, interest bearing and repayable on demand.

- (c) Other current assets

This relates mainly to the deposits paid in respect of acquisition of several parcels of land as referred to in Note 41 and retail lots. The acquisition of retail lots was completed subsequent to the financial year end.

**13 CASH AND BANK BALANCES**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	27,929	32,398	1,150	2,554
Cash on hand and at banks	18,671	26,841	41	182
	46,600	59,239	1,191	2,736

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**13 CASH AND BANK BALANCES (CONTD.)**

Deposits with licensed banks of the Group amounting to RM16,000 (2011 : RM16,000) are pledged to bank for bank guarantee facilities granted to certain subsidiary company of the Group.

Included in cash on hand and at banks of the Group is RM14,241,550 (2011 : RM9,859,000) pledged for credit facilities granted to subsidiary companies of the Group.

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

	Range of interest rate		Range of maturities	
	2012 %	2011 %	2012 Days	2011 Days
Licensed banks	<u>2.00 - 3.10</u>	<u>2.00 - 3.00</u>	<u>1 - 31</u>	<u>1 - 31</u>

**14 SHARE CAPITAL**

	Group and Company			
	Ordinary shares <----of RM1.00 each ---->			
	No. of shares		Amount	
	2012 '000	2011 '000	2012 RM'000	2011 RM'000
<b>Authorised:</b>				
At 1 July 2011/2010 and at 30 June 2012/2011	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<b>Issued and fully paid:</b>				
At 1 July 2011/2010 and at 30 June 2012/2011	<u>1,113,042</u>	<u>1,113,042</u>	<u>1,113,042</u>	<u>1,113,042</u>

Company No: 3907-W

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**14 SHARE CAPITAL (CONTD.)**

Warrants 2008/2018

On 28 March 2008, the Company issued 415,982,348 free detachable Warrants 2008/2018 pursuant to the Rights Issue.

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

- (a) Each warrant entitles the holder to subscribe for 1 new ordinary share of RM1.00 each in the Company at a price of RM1.00 per share;
- (b) The Warrants may be exercised at any time up to 27 March 2018; and
- (c) The shares arising from the exercise of Warrants shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments or distributions, unless the exercise of warrants is effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

As at the reporting date, all Warrants issued remain unexercised.

**15 SHARE PREMIUM**

	<b>Group and Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2011/2010 and at 30 June 2012/2011	<u>258,985</u>	<u>258,985</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**16 AVAILABLE-FOR-SALE RESERVE**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 July 2011/2010	99,828	93,737	1,579	1,390
Changes in fair values of available-for-sale financial assets during the year	(49,648)	6,091	(679)	189
At 30 June 2012/2011	<u>50,180</u>	<u>99,828</u>	<u>900</u>	<u>1,579</u>

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

**17 RETAINED EARNINGS**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 July 2011/2010	368,834	94,884	87,823	83,318
Total comprehensive income for the year	161,701	290,646	22,057	21,201
Dividends (Note 34)	(33,391)	(16,696)	(33,391)	(16,696)
At 30 June 2012/2011	<u>497,144</u>	<u>368,834</u>	<u>76,489</u>	<u>87,823</u>

In the past, Malaysian companies adopted the full imputation system. The Finance Act 2007, which was gazetted on 28 December 2007, has introduced a single tier system. Under the single tier system, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders.

Companies with Section 108 balance which do not opt for single tier system are allowed to use the credit balance for purpose of dividend distribution during the transitional period of 6 years until 31 December 2013. However, the Section 108 balance allowed for the purpose of dividend distribution is to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**17 RETAINED EARNINGS (CONTD.)**

Companies have an irrevocable option either to continue to frank dividends under limited circumstances or to disregard the Section 108 balance and pay dividends under the single tier system.

The Company did not elect for the irrevocable option to disregard the Section 108 balance.

As at 30 June 2012, the Company has Section 108 balance amounting to RM27,698,000 (2011 : RM38,829,000) available to frank future cash dividends and tax exempt account amounting to RM30,791,000 (2011 : RM30,791,000) available for the payment of future tax exempt dividends, subject to the agreement with the Inland Revenue Board and the availability of profits.

**18 BANK BORROWINGS**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings</b>		
Secured:		
Term loans	2,000	41,168
Revolving credit facility	9,000	7,000
Margin account	9,930	-
Bank overdraft	8,628	3,196
	<u>29,558</u>	<u>51,364</u>
<b>Long term borrowings</b>		
Secured:		
Term loans	190,083	298,397
Revolving credit facility	8,000	13,000
	<u>198,083</u>	<u>311,397</u>
<b>Total borrowings</b>		
Secured:		
Term loans	192,083	339,565
Revolving credit facility	17,000	20,000
Margin account	9,930	-
Bank overdraft	8,628	3,196
	<u>227,641</u>	<u>362,761</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**18 BANK BORROWINGS (CONTD.)**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Maturity of borrowings</b>		
Not later than 1 year	29,558	51,364
Later than 1 year and not later than 2 years	18,755	64,491
Later than 2 years and not later than 5 years	59,673	187,025
More than 5 years	119,655	59,881
	<u>227,641</u>	<u>362,761</u>

The interest rates per annum for borrowings are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>
Term loans	3.75 to 6.60	3.75 to 6.60
Revolving credit facility	5.71 to 5.74	5.38 to 5.75
Margin account	7.60	-
Bank overdraft	<u>8.60</u>	<u>8.60</u>

The borrowings are secured by the following:

- (i) investment properties and a debenture over assets of certain subsidiary companies of the Group;
- (ii) the assignment of sales proceeds and future rental by Berjaya Times Square Sdn Bhd ("BTSSB") for the entire development project;
- (iii) a third party first fixed and floating charge over a parcel of land held under documents title HS(D) 13720 Lot No. PT 17201, Pahang and/or any other lands valued at not less than RM32 million;
- (iv) a guarantee from a director of BTSSB and major shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun;
- (v) quoted shares of the Group; and
- (vi) corporate guarantee by the Company.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**19 SENIOR BONDS**

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

Series	Maturity	Interest rate p.a (%)	Nominal value RM'000	Group	
				2012 At amortised cost RM'000	2011 At amortised cost RM'000
1	1 June 2017	5.75	40,000	39,497	-
2	1 June 2018	5.85	40,000	39,495	-
3	31 May 2019	6.00	80,000	78,988	-
			<u>160,000</u>	<u>157,980</u>	<u>-</u>

The Senior Bonds are secured by:

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

**20 HIRE PURCHASE LIABILITIES**

	Group	
	2012 RM'000	2011 RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year	3,049	3,070
Later than 1 year and not later than 2 years	252	3,049
Later than 2 years and not later than 5 years	-	252
	<u>3,301</u>	<u>6,371</u>
Less: Future finance charges	(391)	(755)
Present value of hire purchase liabilities	<u>2,910</u>	<u>5,616</u>
<b>Present value of hire purchase liabilities:</b>		
Not later than 1 year	2,688	2,526
Later than 1 year and not later than 2 years	222	2,840
Later than 2 years and not later than 5 years	-	250
	<u>2,910</u>	<u>5,616</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**20 HIRE PURCHASE LIABILITIES (CONTD.)**

	Group	
	2012 RM'000	2011 RM'000
<b>Analysed as:</b>		
Due within 12 months	2,688	2,526
Due after 12 months	222	3,090
	<u>2,910</u>	<u>5,616</u>

The hire purchase liabilities bear interest rates from 4.50% to 6.50% (2011 : 4.50% to 6.50%) per annum.

**21 LONG TERM LIABILITIES**

	Group	
	2012 RM'000	2011 RM'000
Rental deposits	12,622	14,552
Other deferred income (Note a)	2,036	2,016
	<u>14,658</u>	<u>16,568</u>

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

**22 DEFERRED TAX**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 July 2011/2010	245,814	178,145	3,002	-
Recognised in the income statement (Note 32)	25,087	67,669	(2,999)	3,002
At 30 June 2012/2011	<u>270,901</u>	<u>245,814</u>	<u>3</u>	<u>3,002</u>

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



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**22 DEFERRED TAX (CONTD.)**

**Deferred Tax Liabilities of the Group**

	<b>Property, plant and equipment and investment properties RM'000</b>	<b>Accelerated capital allowances RM'000</b>	<b>Total RM'000</b>
At 1 July 2011	254,883	79,918	334,801
Recognised in the income statement	15,416	(2,486)	12,930
At 30 June 2012	<u>270,299</u>	<u>77,432</u>	<u>347,731</u>
At 1 July 2010	201,532	78,701	280,233
Recognised in the income statement	53,351	1,217	54,568
At 30 June 2011	<u>254,883</u>	<u>79,918</u>	<u>334,801</u>

**Deferred Tax Assets of the Group**

	<b>Tax losses and unabsorbed capital allowances RM'000</b>	<b>Unutilised investment tax allowance RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
At 1 July 2011	(86,787)	(2,771)	571	(88,987)
Recognised in the income statement	12,176	-	(19)	12,157
At 30 June 2012	<u>(74,611)</u>	<u>(2,771)</u>	<u>552</u>	<u>(76,830)</u>
At 1 July 2010	(99,693)	(2,771)	376	(102,088)
Recognised in the income statement	12,906	-	195	13,101
At 30 June 2011	<u>(86,787)</u>	<u>(2,771)</u>	<u>571</u>	<u>(88,987)</u>

**Deferred Tax Liabilities of the Company**

	<b>Property, plant and equipment RM'000</b>	<b>Receivables RM'000</b>	<b>Total RM'000</b>
At 1 July 2011	2	3,000	3,002
Recognised in the income statement	1	(3,000)	(2,999)
At 30 June 2012	<u>3</u>	<u>-</u>	<u>3</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**22 DEFERRED TAX (CONTD.)**

**Deferred Tax Liabilities of the Company (contd.)**

	<b>Property, plant and equipment RM'000</b>	<b>Receivables RM'000</b>	<b>Total RM'000</b>
At 1 July 2010	-	-	-
Recognised in the income statement	2	3,000	3,002
At 30 June 2011	<u>2</u>	<u>3,000</u>	<u>3,002</u>

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

	<b>Group</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Unused tax losses	33,257	33,153
Unabsorbed capital allowances	38,354	39,786
Other deductible temporary differences	119,163	119,130
	<u>190,774</u>	<u>192,069</u>

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

**23 PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Trade payables	13,873	13,548	-	-
Provision for liquidated ascertained damages	644	867	-	-
Refundable deposits	42,175	19,747	-	-
Other payables and accruals	13,513	14,594	347	335
Amount due to affiliated companies	576	394	201	17
Amount due to subsidiary companies	-	-	25,039	6,079
	<u>70,781</u>	<u>49,150</u>	<u>25,587</u>	<u>6,431</u>

Provision for liquidated ascertained damages of the Group is made in respect of the delay in the completion of the development project and is in accordance with Note 2.2(h).

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**23 PAYABLES (CONTD.)**

The normal trade credit term granted to the Group and to the Company ranges from 15 to 90 days (2011 : 15 to 90 days).

The amounts due to subsidiary companies are unsecured, interest bearing and repayable on demand. The amount due to affiliated companies are unsecured, non-interest bearing and repayable on demand.

**24 REVENUE**

The main categories of revenue are as follows:

<b>Group</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Sale of properties	2,746	49,042
Sale of theme park tickets	13,714	12,605
Sale of fruits, beverages and related services	-	936
Rental income from investment properties	83,334	70,221
Gaming ticket sales less gaming tax	231,549	217,206
Gaming terminal sales	27	3,990
	<u>331,370</u>	<u>354,000</u>

<b>Company</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Gross dividends from subsidiary companies	22,296	24,228
Gross dividends from an affiliated company	25	76
Management fees from subsidiary companies	725	725
	<u>23,046</u>	<u>25,029</u>

**25 COST OF SALES**

This relates to cost of sales incurred in respect of the business segments of gaming and related activities, property development and property investment, recreation, trading and others.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**26 OTHER INCOME**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Dividend income from:				
- available-for-sale				
investments quoted in Malaysia	2,001	4,785	-	-
Interest income:				
- fixed and other deposits	1,322	904	63	66
- subsidiary companies	-	-	1,042	693
- others	119	42	-	-
Gain on disposal of quoted investments	3,314	1,894	-	18
Write-back of impairment				
for properties held for sale	-	823	-	-
Gain on disposal of investment properties	60,228	56,096	-	-
Finance income - loans and receivables and other liabilities at amortised costs	869	755	-	-
Miscellaneous	2,901	2,670	-	-
	<u>70,754</u>	<u>67,969</u>	<u>1,105</u>	<u>777</u>

**27 STAFF COSTS**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	9,095	8,510	270	234
Bonus	1,525	1,349	56	52
EPF contributions	1,174	1,115	39	34
Social security organisation contributions	289	116	1	1
Short term accumulating compensated absences	132	(96)	2	2
Other staff related expenses	289	672	-	-
	<u>12,504</u>	<u>11,666</u>	<u>368</u>	<u>323</u>

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

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**28 DIRECTORS' REMUNERATION**

The total remuneration paid or payable to the directors of the Group and of the Company categorised into appropriate components for the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Directors of the Company</b>				
Executive:				
Fees	10	4	-	-
Salary and other emoluments	396	143	238	-
	<u>406</u>	<u>147</u>	<u>238</u>	<u>-</u>
Non-Executive:				
Fees	142	130	132	120
Other emoluments	15	12	15	12
	<u>157</u>	<u>142</u>	<u>147</u>	<u>132</u>
<b>Directors of the subsidiary companies</b>				
Fees	110	116	-	-
Other emoluments	457	301	-	-
	<u>567</u>	<u>417</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>1,130</u></u>	<u><u>706</u></u>	<u><u>385</u></u>	<u><u>132</u></u>

**29 OTHER EXPENSES**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net fair value loss on				
available-for-sale quoted investments	1,942	-	6	-
Inventories written off	-	329	-	-
Impairment loss on other receivables	-	259	-	-
Miscellaneous	224	409	-	-
	<u>2,166</u>	<u>997</u>	<u>6</u>	<u>-</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**30 FINANCE COSTS**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense:				
- borrowings	22,716	25,610	-	-
- hire purchase liabilities	364	339	-	-
- subsidiary companies	-	-	282	163
- loan related expenses	34	53	-	-
- unwinding of discount and charge out of deferred transaction costs	1,484	1,309	-	-
	<u>24,598</u>	<u>27,311</u>	<u>282</u>	<u>163</u>

**31 PROFIT BEFORE TAX**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is stated after charging/(crediting):				
Direct operating expenses of investment properties:				
- revenue generating during the year	6,551	6,217	-	-
- non-revenue generating during the year	918	1,380	-	-
Gaming royalty	1,259	1,181	-	-
Depreciation of property, plant and equipment (Note 3)	12,164	11,832	9	4
Directors' remuneration (Note 28):				
- fees	262	250	132	120
- salary and other emoluments	868	456	253	12
Auditors' remuneration:				
- statutory audit	158	153	35	35
- under provision in prior years	27	16	-	5
- other services	79	67	30	35
Loss on foreign exchange - unrealised	147	-	-	-

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**31 PROFIT BEFORE TAX (CONTD.)**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is stated after charging/(crediting) (contd.):				
Amortisation of other intangible assets (Note 10)	1,101	1,101	-	-
Reversal of impairment loss on receivables	(3,709)	(6,313)	-	-
Impairment loss on receivables	1,522	744	-	-
Operating leases:				
- lease payments for buildings	64	71	-	-
Staff costs (Note 27)	12,504	11,666	368	323
Gain on disposal of property, plant and equipment	(43)	-	-	-
Property, plant and equipment written off	8	311	-	-
	<u>8</u>	<u>311</u>	<u>-</u>	<u>-</u>

**32 INCOME TAX EXPENSE**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current income tax:				
Malaysian income tax	7,765	5,310	3,181	215
Under/(Over) provision in prior years	822	(30)	8	16
	<u>8,587</u>	<u>5,280</u>	<u>3,189</u>	<u>231</u>
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	24,914	67,266	(2,999)	3,002
Under provision in prior years	173	403	-	-
	<u>25,087</u>	<u>67,669</u>	<u>(2,999)</u>	<u>3,002</u>
Total income tax expense	<u>33,674</u>	<u>72,949</u>	<u>190</u>	<u>3,233</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011 : 25%) of the estimated assessable profit for the year.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**32 INCOME TAX EXPENSE (CONTD.)**

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b> <b>RM'000</b>	<b>2011</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>	<b>2011</b> <b>RM'000</b>
Profit before tax	<u>201,309</u>	<u>368,886</u>	<u>22,247</u>	<u>24,434</u>
Taxation at Malaysian statutory tax rate of 25%	50,327	92,222	5,562	6,109
Effect of expenses not deductible for tax purposes	3,468	4,060	200	189
Effect of income not subject to tax	(20,793)	(24,231)	(5,580)	(3,081)
Effect of utilisation of previously unrecognised unutilised investment allowances and unabsorbed capital allowances	(359)	-	-	-
Deferred tax assets not recognised during the year	51	662	-	-
Deferred tax assets recognised for other temporary differences	(15)	(115)	-	-
Effect of utilisation of previously unrecognised tax losses	-	(22)	-	-
Under provision of deferred tax expense in prior years	173	403	-	-
Under/(Over) provision of tax expense in prior years	<u>822</u>	<u>(30)</u>	<u>8</u>	<u>16</u>
Income tax expense for the year	<u><u>33,674</u></u>	<u><u>72,949</u></u>	<u><u>190</u></u>	<u><u>3,233</u></u>



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**33 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial year.

	<b>2012</b> <b>RM'000</b>	<b>2011</b> <b>RM'000</b>
Profit attributable to ordinary equity holders of the Parent	<u>161,701</u>	<u>290,646</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,113,042</u>	<u>1,113,042</u>
	<b>Sen</b>	<b>Sen</b>
Basic earnings per share	<u>14.53</u>	<u>26.11</u>

No diluted earnings per share is presented for the financial year as the computation based on the outstanding Warrants 2008/2018 (as disclosed in Note 14) would have an antidilutive effect.

**34 DIVIDENDS**

	<b>Company</b>			
	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>Net</b>	<b>Net</b>	<b>Net</b>	<b>Net</b>
	<b>dividend</b>	<b>dividend</b>	<b>dividend</b>	<b>dividend</b>
	<b>per share</b>	<b>per share</b>	<b>per share</b>	<b>per share</b>
	<b>Sen</b>	<b>RM'000</b>	<b>Sen</b>	<b>RM'000</b>

**Declared in respect of:**

Financial year ended 30 June 2012

- Final dividend of 2 sen less 25% income tax	1.50	16,696	-	-
---	------	--------	---	---

Financial year ended 30 June 2011

- Final dividend of 4 sen less 25% income tax	-	-	3.00	33,391 *
	<u>1.50</u>	<u>16,696</u>	<u>3.00</u>	<u>33,391</u>

\* This was paid on 16 January 2012.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**34 DIVIDENDS (CONTD.)**

On 28 August 2012, the Board recommended a final dividend of 2 sen less 25% income tax in respect of the current financial year ended 30 June 2012 on 1,113,041,559 ordinary shares of RM1.00 each (net 1.50 sen per ordinary share of RM1.00) amounting to RM16,696,000, to be approved by the Company's shareholders at the forthcoming Annual General Meeting. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the following financial year ending 30 June 2013.

**35 COMMITMENTS**

**(a) Other Commitments**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure approved and contracted for	<u>378,046</u>	<u>18,414</u>

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

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Future minimum rental payments:		
Not later than 1 year	64	64
Later than 1 year and not later than 5 years	192	205
Later than 5 years	68	137
	<u>324</u>	<u>406</u>

The Group has entered into non-cancellable operating lease agreements which represent rental payable for the use of building. Leases are negotiated for a period of 10 years and rentals fixed for between 3 and 5 years.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**35 COMMITMENTS (CONTD.)**

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

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Future minimum rental receivable:		
Not later than 1 year	44,936	47,141
Later than 1 year and not later than 5 years	30,689	37,480
	<u>75,625</u>	<u>84,621</u>

The Group entered into commercial property leases on its investment properties portfolio consisting of commercial space. These leases have non-cancellable lease terms of between 6 months and 3 years (2011 : 6 months and 3 years). The future minimum rental receivables are pledged to financial institutions for credit facilities as referred to in Notes 18 and 19.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**36 SIGNIFICANT RELATED PARTY TRANSACTIONS**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Management fees charged to subsidiary companies		-	-	(725)	(725)
Management fees charged by					
- Berjaya Land Berhad	a	240	240	240	240
Rental income, service charges and other related income charged to:					
- A jointly controlled entity	j	(1,398)	(1,281)	-	-
- Berjaya Starbucks Coffee Company Sdn Bhd	a	(443)	(430)	-	-
- Berjaya Roasters (M) Sdn Bhd	i	(584)	(578)	-	-
- Berjaya Registration Services Sdn Bhd	a	(382)	(361)	-	-
- Budi Impian Sdn Bhd	a	(285)	(302)	-	-
- Berjaya Higher Education Sdn Bhd	a	(1,144)	(1,044)	-	-
- Berjaya Krispy Kreme Doughnuts Sdn Bhd	a	(100)	(100)	-	-
- Berjaya Papa John's Pizza Sdn Bhd (formerly known as Berjaya Pizza Company Sdn Bhd)	a	(290)	(84)	-	-
- KUB-Berjaya Enviro Sdn Bhd	a	(205)	(206)	-	-
- Cosway (M) Sdn Bhd	a	(406)	(468)	-	-
- Berjaya Vacation Club Berhad	a	-	(281)	-	-
- Berjaya Land Berhad	a	(379)	(378)	-	-
- Berjaya Books Sdn Bhd	a	(150)	(274)	-	-
- Berjaya Resort Management Services Sdn Bhd	a	(472)	(119)	-	-
- Mantra Design Sdn Bhd	a	(42)	(41)	-	-
- Wen Berjaya Sdn Bhd	a	(234)	(246)	-	-
- Berjaya Hills Berhad	a	(67)	(44)	-	-
Balance carried forward		(6,581)	(6,237)	-	-

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**36 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Rental income, service charges and other related income charged to:					
Balance brought forward		(6,581)	(6,237)	-	-
- Academy of Nursing (M) Sdn Bhd	a	(652)	(452)	-	-
- Sports Toto Computer Sdn Bhd	a	(52)	(56)	-	-
- Informatics Education Malaysia Sdn Bhd	a	-	(51)	-	-
- Ascot Sports Sdn Bhd	h	(415)	(416)	-	-
- 7-Eleven Malaysia Sdn Bhd	b	(683)	(680)	-	-
- U Mobile Sdn Bhd ("UMSB")	c	(1,510)	(1,604)	-	-
- TT Resources Food & Services Sdn Bhd	g	(261)	(286)	-	-
- MOL AccessPortal Sdn Bhd	f	(357)	(331)	-	-
		(10,511)	(10,113)	-	-
Parking charges charged to:					
- Berjaya Land Berhad	a	(115)	(115)	-	-
- Berjaya Resort Management Services Sdn Bhd	a	(34)	(37)	-	-
- Inter-Pacific Securities Sdn Bhd	a	(159)	(164)	-	-
- Prime Credit Leasing Sdn Bhd	a	(5)	(4)	-	-
- KUB-Berjaya Enviro Sdn Bhd	a	(34)	(30)	-	-
- Berjaya Starbucks Coffee Company Sdn Bhd	a	(47)	(49)	-	-
- Berjaya Roasters (M) Sdn Bhd	i	(37)	(32)	-	-
- Berjaya Books Sdn Bhd	a	-	(2)	-	-
- Sports Toto Malaysia Sdn Bhd	a	(376)	(364)	-	-
- UMSB	c	(350)	(304)	-	-
		(1,157)	(1,101)	-	-

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**36 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Promotion, advertisement and publishing expenses charged by Sun Media Corporation Sdn Bhd	e	75	70	39	33
Receipt of share registration services and related expenses charged by Berjaya Registration Services Sdn Bhd	a	45	43	45	43
IT consultancy, management and maintenance services charged by Qinetics Solutions Sdn Bhd	d	2	1	-	-
Procurement of computerised lottery system and related services from International Lottery & Totalizator Systems, Inc	a	<u>438</u>	<u>5,954</u>	<u>-</u>	<u>-</u>

The nature of the related party relationships are as follows:

- (a) Subsidiary company / associated company of Berjaya Corporation Berhad ("BCorp"). Deemed a related party by virtue of the interests of Tan Sri Dato' Seri Vincent Tan Chee Yioun ("Tan Sri Vincent Tan") who is a major shareholder of both the Company and BCorp. His sons, Dato' Robin Tan Yeong Ching ("DRT") and Rayvin Tan Yeong Sheik ("RTYS") are also Directors and shareholders of BCorp. DRT is the Chairman and Chief Executive Officer of BCorp. Hence, Tan Sri Vincent Tan, DRT and RTYS are persons connected with each other.
- (b) Subsidiary company of Berjaya Retail Berhad ("BRetail") and deemed a related party by virtue of Tan Sri Vincent Tan's deemed interest in BRetail.
- (c) Deemed a related party by virtue of Tan Sri Vincent Tan's direct and deemed interests in UMSB. Tan Sri Dato' Tan Chee Sing ("TSDT"), the father of Dickson Tan Yong Loong ("DTYL") and a brother of Tan Sri Vincent Tan is also a deemed substantial shareholder of UMSB. Hence, TSDT is a person connected with Tan Sri Vincent Tan and DTYL.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**36 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)**

The nature of the related party relationships are as follows (contd.):

- (d) Subsidiary company of MOL.com Sdn Bhd ("MOL"). Tan Sri Vincent Tan and BCorp are major shareholders of MOL while DRT is the Chairman and a shareholder of MOL.
- (e) Subsidiary company of Berjaya Media Berhad ("BMedia"). A company in which BCorp and Tan Sri Vincent Tan have substantial interests while DRT is the Chairman of BMedia.
- (f) A wholly owned subsidiary company of MOL Global Pte Ltd ("M-Global"), Tan Sri Vincent Tan and MOL are major shareholders of M-Global.
- (g) Wholly owned subsidiary company of TT Resources Berhad. TSDT is the Executive Chairman and major shareholder of TT Resources Berhad, while DTYL is a Director of TT Resources Berhad.
- (h) A company in which Tan Sri Vincent Tan and DRT have interests.
- (i) A wholly owned subsidiary company of Berjaya Food Berhad ("BFood"). Tan Sri Vincent Tan and BCorp are major shareholders of BFood while DRT is the Executive Chairman and a shareholder of BFood.
- (j) A jointly controlled entity, Berjaya - GSC Sdn Bhd.

The compensation of the key management personnel who are directors of the Group are disclosed in Note 28.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**37 SEGMENT INFORMATION**

For management purposes, the Group is organised into business segments based on their products and services, and has reportable operating segments as follows:

- (i) gaming and related activities;
- (ii) property development and property investment;
- (iii) recreation; and
- (iv) trading and others.

All inter-segment transactions were carried out in the normal course of business and established under negotiated terms.

Management monitors the operating results of its business segments separately for performance assessment and makes strategic decisions based on the operating results. Segment performance is evaluated based on operating profit or loss which is measured similar to the operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and not allocated to operating segments.

No segment information by geographical location is prepared as the Group operates predominantly in Malaysia.

Unallocated assets / liabilities include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segment. These mainly include corporate assets, tax recoverable / liabilities, borrowings, hire purchase and lease obligations.

Other non cash expenses mainly include write-off of property, plant and equipment, write down of inventories, impairment of receivables and unrealised loss on foreign exchange.

**Business segments:**

	<----- 2012 ----->			<----- 2011 ----->		
	External RM'000	Inter- segment RM'000	Total RM'000	External RM'000	Inter- segment RM'000	Total RM'000
Revenue						
Gaming and related activities	231,576	-	231,576	221,196	-	221,196
Property development and property investment	86,080	-	86,080	119,263	-	119,263
Recreation	13,714	-	13,714	13,541	-	13,541
Trading and others	-	4,404	4,404	-	4,131	4,131
Inter-segment eliminations	-	(4,404)	(4,404)	-	(4,131)	(4,131)
	<u>331,370</u>	<u>-</u>	<u>331,370</u>	<u>354,000</u>	<u>-</u>	<u>354,000</u>



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**37 SEGMENT INFORMATION (CONTD.)**

**Business segments (contd.):**

<b>Results</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Gaming and related activities	28,850	26,272
Property development and property investment	52,785	66,348
Recreation	(3,917)	(4,993)
Trading and others	(1,655)	(2,169)
	<u>76,063</u>	<u>85,458</u>
Unallocated corporate expenses	(1,823)	(996)
	<u>74,240</u>	<u>84,462</u>
Fair value adjustment on investment properties	82,265	243,607
Other income		
- gaming and related activities	857	835
- property development and property investment	65,264	63,173
- recreation	43	231
- trading and others	4,502	3,570
- unallocated	88	160
	<u>70,754</u>	<u>67,969</u>
Other expenses		
- gaming and related activities	(77)	(757)
- property development and property investment	(1,089)	-
- recreation	(147)	-
- trading and others	(847)	-
- unallocated	(6)	(240)
	<u>(2,166)</u>	<u>(997)</u>
Operating profit	225,093	395,041
Finance costs	(24,598)	(27,311)
Share of results of jointly controlled entities	814	1,156
Profit before tax	<u>201,309</u>	<u>368,886</u>
Income tax expense	(33,674)	(72,949)
Profit for the year	<u>167,635</u>	<u>295,937</u>
Non-controlling interests	(5,934)	(5,291)
Profit attributable to equity holders of the Parent	<u><u>161,701</u></u>	<u><u>290,646</u></u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**37 SEGMENT INFORMATION (CONTD.)**

**Business segments (contd.):**

Assets and liabilities	2012		2011	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Gaming and related activities	165,442	15,757	170,716	13,822
Property development and property investment	2,148,491	82,283	1,987,357	47,466
Recreation	148,141	3,547	154,533	4,183
Trading and others	18,758	1,185	20,536	153
Segment assets/liabilities	2,480,832	102,772	2,333,142	65,624
Investment in jointly controlled entities	4,940	-	5,999	-
Unallocated corporate assets/liabilities	184,002	644,002	186,744	614,559
Consolidated assets/liabilities	2,669,774	746,774	2,525,885	680,183

Other information	<----- 2012 ----->			<----- 2011 ----->		
	Capital expenditure RM'000	Depreciation/ Amortisation RM'000	Other non-cash expenses RM'000	Capital expenditure RM'000	Depreciation/ Amortisation RM'000	Other non-cash expenses RM'000
Gaming and related activities	428	1,487	-	9,896	1,493	588
Property development and property investment	829	2,919	1,530	5,273	2,171	961
Recreation	386	7,515	147	617	7,442	94
Trading and others	12	1,344	-	-	1,823	-
Unallocated	-	-	-	12	4	-
	1,655	13,265	1,677	15,798	12,933	1,643

Impairment losses	2012 RM'000	2011 RM'000
Property development and property investment	1,089	-
Trading and others	847	-
Unallocated	6	-
	1,942	-

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**38 FINANCIAL INSTRUMENTS**

Certain comparative figures in respect of fair value hierarchy have not been presented for 30 June 2011 by virtue of the exemption given in the Paragraph 44G of FRS 7.

**(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

<b>Group 2012</b>	<b>Note</b>	<b>Fair value through profit or loss RM'000</b>	<b>Loans and receivables RM'000</b>	<b>Held-to- maturity investments RM'000</b>	<b>Available- for-sale RM'000</b>	<b>Total RM'000</b>
<b><u>Financial assets</u></b>						
Other investments	8	-	-	1,021	136,126	137,147
Derivative asset	9	104	-	-	-	104
Receivables	12	-	28,666	-	-	28,666
Deposits	13	-	27,929	-	-	27,929
Cash and bank balances	13	-	18,671	-	-	18,671
<b>Total financial assets</b>		<b>104</b>	<b>75,266</b>	<b>1,021</b>	<b>136,126</b>	<b>212,517</b>
						<b>Total at amortised cost RM'000</b>
<b><u>Financial liabilities</u></b>						
Long term borrowings				18		198,083
Senior Bonds				19		157,980
Hire purchase liabilities				20		2,910
Long term liabilities				21		12,622
Payables				23		70,781
Short term borrowings				18		29,558
<b>Total financial liabilities</b>						<b>471,934</b>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**38 FINANCIAL INSTRUMENTS (CONTD.)**

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

<b>Group 2011</b>	<b>Note</b>	<b>Fair value through profit or loss RM'000</b>	<b>Loans and receivables RM'000</b>	<b>Held-to- maturity investments RM'000</b>	<b>Available- for-sale RM'000</b>	<b>Total RM'000</b>
<b><u>Financial assets</u></b>						
Other investments	8	-	-	1,033	176,173	177,206
Derivative asset	9	166	-	-	-	166
Receivables	12	-	11,097	-	-	11,097
Deposits	13	-	32,398	-	-	32,398
Cash and bank balances	13	-	26,841	-	-	26,841
<b>Total financial assets</b>		<b>166</b>	<b>70,336</b>	<b>1,033</b>	<b>176,173</b>	<b>247,708</b>
				<b>Note</b>		<b>Total at amortised cost RM'000</b>
<b><u>Financial liabilities</u></b>						
Long term borrowings				18		311,397
Hire purchase liabilities				20		5,616
Long term liabilities				21		14,552
Payables				23		49,150
Short term borrowings				18		51,364
<b>Total financial liabilities</b>						<b>432,079</b>

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**38 FINANCIAL INSTRUMENTS (CONTD.)****(a) Classification of financial instruments (contd.)**

<b>Company 2012</b>	<b>Note</b>	<b>Loans and receivables RM'000</b>	<b>Available- for-sale RM'000</b>	<b>Total RM'000</b>
<b><u>Financial assets</u></b>				
Other investments	8	-	1,882	1,882
Receivables	12	63,883	-	63,883
Deposits	13	1,150	-	1,150
Cash and bank balances	13	41	-	41
<b>Total financial assets</b>		<b>65,074</b>	<b>1,882</b>	<b>66,956</b>
				<b>Total at amortised cost RM'000</b>
<b><u>Financial liabilities</u></b>				
Payables	23			<b>25,587</b>
<b>2011</b>	<b>Note</b>	<b>Loans and receivables RM'000</b>	<b>Available- for-sale RM'000</b>	<b>Total RM'000</b>
<b><u>Financial assets</u></b>				
Other investments	8	-	2,359	2,359
Receivables	12	45,755	-	45,755
Deposits	13	2,554	-	2,554
Cash and bank balances	13	182	-	182
<b>Total financial assets</b>		<b>48,491</b>	<b>2,359</b>	<b>50,850</b>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**38 FINANCIAL INSTRUMENTS (CONTD.)**

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

2011	Note	Total at amortised cost RM'000
<b><u>Financial liabilities</u></b>		
Payables	23	<u><u>6,431</u></u>

**(b) Fair values**

**(i) Financial instruments that are measured at fair value**

The carrying amounts of financial assets and liabilities of the Group and of the Company as at the reporting date approximated their fair values except for the following:

Financial Assets	Note	2012 Group		2011 Group	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Other investments					
- Quoted government securities	8	<u><u>1,021</u></u>	<u><u>1,038</u></u>	<u><u>1,033</u></u>	<u><u>1,050</u></u>

The information of the fair value of Malaysian Government Securities determined by reference to their published market closing prices at reporting date are disclosed in its respective note.

The Group and the Company use the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1

Quoted market prices in an active market.

Level 2

Valuation inputs (other than Level 1 input) that are based on observable market data for the asset or liability, whether directly or indirectly.

Level 3

Valuation inputs that are not based on observable market data.

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**38 FINANCIAL INSTRUMENTS (CONTD.)****(b) Fair values (contd.)**

The table below analyses the financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2012</b>				
<b>Group</b>				
<u>Financial assets</u>				
Other investments	132,498	-	3,628	136,126
Derivative assets	-	-	104	104
	<u>132,498</u>	<u>-</u>	<u>3,732</u>	<u>136,230</u>
<b>Company</b>				
<u>Financial assets</u>				
Other investments	<u>1,882</u>	<u>-</u>	<u>-</u>	<u>1,882</u>

The following table reconciles the Group's Level 3 fair value measurements from 1 July 2011 to 30 June 2012:

<u>Financial assets</u>	<b>2012 RM'000</b>
At 1 July 2011	3,731
Fair value changes recognised during the year	(62)
Exchange differences	63
At 30 June 2012	<u>3,732</u>

(ii) Financial instruments that are not measured at fair value and whose carrying amount are reasonable approximation of fair value

Included in these classes of financial instruments are certain financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Receivables	12
Payables	23
Bank borrowings	18
Hire purchase liabilities	20

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**38 FINANCIAL INSTRUMENTS (CONTD.)**

**(b) Fair values (contd.)**

**(ii) Financial instruments that are not measured at fair value and whose carrying amount are reasonable approximation of fair value (contd.)**

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the bank borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair value of quoted equity instruments are determined by reference to their published market bid prices at reporting date.

**39 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 interest rate, liquidity, credit and foreign currency risks. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

**(a) Market Risk**

Market risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices.

**(i) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The interest-bearing assets are mainly deposits with licensed banks and they are not held for speculative purposes. The interest-bearing debts are mainly term loans, Senior Bonds, revolving credit facility, margin account and amounts due to affiliated companies. Senior Bonds amounting to RM160 million and term loan amounting to RM8 million (2011 : RM10 million) are obtained at fixed rate and the remaining balance of the term loan are obtained at floating rate.



**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)**

**(i) Interest Rate Risk (contd.)**

Interest rate risk exposure is managed by negotiations with the lenders to derive favourable terms, which are mutually agreeable. 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:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Fixed rate instruments</u>				
Financial assets	3,628	3,565	-	-
Financial liabilities	168,890	15,616	-	-
<u>Floating rate instruments</u>				
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial assets	29,282	33,854	64,886	48,309
Financial liabilities	220,217	350,155	25,039	6,079

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the income statement.

Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit before tax of the Group and of the Company to be (lower)/higher by (RM477,000) and RM100,000 (2011 : (RM791,000) and RM106,000) respectively, This analysis assumes that all other variables remain constant.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)**

**(ii) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group mainly transacts in Ringgit Malaysia. However, certain of the Group's purchases are in foreign currencies and as such, the Group is exposed to exchange rate fluctuation between Ringgit Malaysia and foreign currencies such as United States Dollar and Euro. The Group seeks to mitigate foreign currency risk with close monitoring via making payments when foreign exchange rates are favourable to the Group.

The financial liabilities of the Group that are denominated in foreign currencies are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payables		
- United States Dollar	2,832	2,669
- Euro	14	14
	2,846	2,683

The financial impact of changes in foreign currency rates is not material to the Group.

**(iii) Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investments in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Securities. These instruments are designated as available-for-sale financial assets. The Group does not have exposure to commodity price risk. To manage its market price risk arising from investments in quoted equity instruments, the Group diversifies and manages its portfolio in accordance with established guidelines and policies.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)**

**(iii) Market price risk (contd.)**

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 1% higher/lower, with all other variables held constant, the Group's available-for-sale reserve would have been RM1,290,000 (2011: RM1,726,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments designated as available-for-sale financial assets.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to the shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio so as to achieve overall cost effectiveness.

Analysis of undiscounted financial instruments by remaining contractual maturities

<b>Group</b>	<b>On demand</b>			<b>Total</b>
	<b>or within</b>	<b>Two to five</b>	<b>Over five</b>	
<b>2012</b>	<b>one year</b>	<b>years</b>	<b>years</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Financial liabilities</u>				
Payables	70,781	-	-	70,781
Rental deposits	-	14,658	-	14,658
Senior bonds	9,440	77,571	131,353	218,364
Hire purchase liabilities	3,049	252	-	3,301
Loans and borrowings *	35,953	198,361	-	234,314
	<u>119,223</u>	<u>290,842</u>	<u>131,353</u>	<u>541,418</u>

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)**

**(b) Liquidity Risk (Contd.)**

<b>Group</b>	<b>On demand</b>			<b>Total</b>
	<b>or within</b>	<b>Two to five</b>	<b>Over five</b>	
<b>2011</b>	<b>one year</b>	<b>years</b>	<b>years</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Financial liabilities</u>				
Payables	49,150	-	-	49,150
Rental deposits	-	16,568	-	16,568
Hire purchase liabilities	3,070	3,301	-	6,371
Loans and borrowings *	74,232	305,978	62,228	442,438
	<u>126,452</u>	<u>325,847</u>	<u>62,228</u>	<u>514,527</u>

\* Loans and borrowings exclude bank overdrafts included in bank borrowings as disclosed in Note 18.

**(c) Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's association to business partners with high creditworthiness. Trade and other receivables are monitored on an ongoing basis via Group management reporting procedures to reduce the Group's exposure to bad debts.

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.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**40 CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. This financial management function is carried out by the Group's Treasury Division. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2012 and 2011.

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

The gearing ratios as at 30 June 2012 and 30 June 2011 were as follows:

		<b>Group</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>RM'000</b>	<b>RM'000</b>
Short term borrowings	18	29,558	51,364
Long term borrowings	18	198,083	311,397
Senior Bonds	19	157,980	-
Hire purchase liabilities	20	2,910	5,616
Total debt		<u>388,531</u>	<u>368,377</u>
Total equity		<u>1,923,000</u>	<u>1,845,702</u>
Gearing ratio (%)		<u>20</u>	<u>20</u>

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

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**41 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 10 February 2012, the Company announced that offers made by its 100% owned subsidiary, Pesaka Ikhlas (M) Sdn Bhd ("PISB") to acquire lease interests in several parcels of land with buildings erected thereon in Stualang Laut, Johor Bahru for a total cash consideration of RM385.0 million have been accepted by the vendors, namely, Atlan Technology Sdn Bhd ("ATSB"), Darul Metro Sdn Bhd ("DMSB") and Kelana Megah Sdn Bhd ("KMSB"), collectively referred to as Vendors.

PISB had entered into 3 conditional sale and purchase agreements for the following:

- a) the proposed acquisition by PISB from ATSB of its remaining lease interest in a parcel of vacant land measuring about 4.899 acres held under title H.S.(D) 19350, PTB 10710, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor for a cash consideration of RM32.01 million ("ATSB SPA");
- b) the proposed acquisition by PISB from DMSB of its remaining lease interest in 6 parcels of land measuring about 14.122 acres held under title H.S.(D) 19348, PTB 10707, PTB 20380, PTB 20438, PTB 20006, PTD 146378 and PTD 148062, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor with an integrated commercial development known as "The Zon Johor Bahru" erected thereon for a cash consideration of RM325.01 million ("DMSB SPA"); and
- c) the proposed acquisition by PISB from KMSB of its intended lease interest in a parcel of vacant land measuring about 4.285 acres held under Lot No. PTB 20379, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor for a cash consideration of RM27.99 million ("KMSB SPA"), collectively known as "Proposals".

ATSB is a subsidiary of Atlan Holdings Bhd ("AHB"), a company listed on Bursa Malaysia, whereas KMSB and DMSB are subsidiary companies of Duty Free International Limited ("DFIL"), a company listed on the Singapore Exchange Securities Trading Limited. DFIL is in turn a subsidiary of AHB.

The Zon Johor Bahru is a gazetted Free Commercial Zone pursuant to Section 39(1) of the Free Zones Act, 1990. It comprises of a 12-level hotel, a 5-level shopping complex (podium block), an international ferry terminal and a custom and immigration checkpoint cum office building.

Conditions of the Proposals are as follows:

- a) The Proposals are subject to the approvals of the Johor State Government and Majlis Bandaraya Johor Bahru.
- b) The KMSB SPA is conditional upon the completion of DMSB SPA.
- c) The proposed acquisitions from KMSB and DMSB are conditional upon the approval of the shareholders of DFIL.
- d) The Proposals are subject to the consents of the lenders of AHB, DFIL and/or its related companies, where applicable.

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**42 SUBSIDIARY AND ASSOCIATED COMPANIES**

Name of Company	Country of Incorporation	Principal Activities	Equity Interest Held	
			2012 %	2011 %
<b>Subsidiary Companies</b>				
Sublime Cartel Sdn Bhd	Malaysia	Provision of lottery consultancy and related services	100	100
Bumisuci Sdn Bhd	Malaysia	Investment holding	100	100
Dayadil Sdn Bhd	Malaysia	Investment holding	100	100
Ishandal Sdn Bhd	Malaysia	Investment holding	100	100
* Natural Avenue Sdn Bhd	Malaysia	Number forecast lotteries in Sarawak	65	65
Rentas Padu Sdn Bhd	Malaysia	Investment holding	100	100
# Sempurna Bahagia Sdn Bhd	Malaysia	Investment holding	100	100
Berjaya Times Square Sdn Bhd	Malaysia	Property investment, property development and investment holding	100	100
Sapphire Transform Sdn Bhd	Malaysia	Property investment	100	-
^ Berjaya Assets Pte Ltd	Singapore	Investment holding	100	100
^ BTS (Cayman) Limited	Cayman Islands	Investment holding	100	-
<b>Subsidiary of Dayadil Sdn Bhd</b>				
Imej Jasa Sdn Bhd	Malaysia	Investment holding	100	100
<b>Subsidiaries of Imej Jasa Sdn Bhd</b>				
Bahagia Jiwa Sdn Bhd	Malaysia	Investment holding	100	100
Muara Tebas Sdn Bhd	Malaysia	Investment holding	100	100

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**42 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)**

Name of Company	Country of Incorporation	Principal Activities	Equity Interest Held	
			2012 %	2011 %
<b>Subsidiary Companies (contd.)</b>				
<b>Subsidiary of Natural Avenue Sdn Bhd</b>				
Petekat Sdn Bhd	Malaysia	General trading and commission agent	100	100
<b>Subsidiary of Rentas Padu Sdn Bhd</b>				
Tropicfair Sdn Bhd	Malaysia	Investment holding	100	100
<b>Subsidiaries of Berjaya Times Square Sdn Bhd</b>				
Berjaya TS Management Sdn Bhd	Malaysia	Dormant	100	100
Berjaya Times Square Theme Park Sdn Bhd	Malaysia	Operation of theme park	100	100
TS Service Suites Sdn Bhd	Malaysia	Dormant	100	100
BTS Car Park Sdn Bhd (formerly known as BTS Department Store Sdn Bhd)	Malaysia	Property investment	100	100
Shasta Supermarket Sdn Bhd	Malaysia	Dormant	100	100
10th Avenue Food Mall Sdn Bhd	Malaysia	Ceased operations	100	100
Danau Laris Sdn Bhd	Malaysia	Dormant	60	100
BTS Cultural Centre Sdn Bhd (formerly known as Popular Earnings Sdn Bhd)	Malaysia	Dormant	100	-
Pesaka Ikhlas (M) Sdn Bhd	Malaysia	Property investment	100	-
<b>Subsidiary of BTS (Cayman) Limited</b>				
<sup>^</sup> Cardiff Asset Limited	United Kingdom	Property investment	100	-



Company No: 3907-W

**BERJAYA ASSETS BERHAD**

(Incorporated in Malaysia)

**42 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTD.)**

Name of Company	Country of Incorporation	Principal Activities	Equity Interest Held	
			2012	2011
Associated Company			%	%
Megaquest Sdn Bhd	Malaysia	Investment holding	50	50

\* *Effective interest*

# *66.67% held by Bumisuci Sdn Bhd and 33.33% held by Ishandal Sdn Bhd*

^ *Not audited by Ernst & Young or a member firm of Ernst & Young Global*

**BERJAYA ASSETS BERHAD**  
(Incorporated in Malaysia)

**43 SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED**

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised earnings is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Realised earnings	531,265	467,076	76,489	87,823
Unrealised earnings	385,002	321,275	-	-
Total retained earnings	<u>916,267</u>	<u>788,351</u>	<u>76,489</u>	<u>87,823</u>
Less: Consolidation adjustments	<u>(419,123)</u>	<u>(419,517)</u>	<u>-</u>	<u>-</u>
Retained earnings as per financial statements	<u><u>497,144</u></u>	<u><u>368,834</u></u>	<u><u>76,489</u></u>	<u><u>87,823</u></u>

The determination of realised and unrealised earnings is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.