

**BERJAYA ASSETS BERHAD
(COMPANY NO: 3907-W)**

30 August 2018

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018**

<u>Table of Contents</u>	Page
Condensed Consolidated Statement of Financial Position	1 - 2
Condensed Consolidated Statement of Profit or Loss	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Unaudited Interim Financial Report	7 - 11
Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	12 - 19

BERJAYA ASSETS BERHAD

(COMPANY NO : 3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<u>Group</u>	
	As at 30/06/18	As at 30/06/17
	RM'000	(Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	292,038	303,657
Investment properties	2,501,039	2,508,166
Land held for development	73,615	99,197
Prepaid lease payments	5,183	5,291
Associated companies	227	-
Joint ventures	13,716	14,882
Investments	270,453	187,641
Deferred tax assets	9,078	15,169
Intangible assets	36,027	57,811
	<u>3,201,376</u>	<u>3,191,814</u>
CURRENT ASSETS		
Inventories	196,323	196,948
Receivables	67,753	41,028
Tax recoverable	166	249
Deposits with licensed banks	66,186	58,436
Cash and bank balances	33,064	30,776
	<u>363,492</u>	<u>327,437</u>
Assets classified as held for sale	26,118	-
	<u>389,610</u>	<u>327,437</u>
TOTAL ASSETS	<u><u>3,590,986</u></u>	<u><u>3,519,251</u></u>
EQUITY		
Share capital	1,538,120	1,447,277
Reserves :		
Foreign currency translation reserve	6,585	10,068
Available-for-sale ("AFS") reserve	6,641	15,949
Retained earnings	736,745	769,361
	<u>749,971</u>	<u>795,378</u>
Equity attributable to owners of the parent	2,288,091	2,242,655
Non-controlling interests	9,654	8,672
Total equity	<u><u>2,297,745</u></u>	<u><u>2,251,327</u></u>
NON-CURRENT LIABILITIES		
Long term bank borrowings	534,210	612,924
Medium Term Note/Senior bonds	117,830	119,514
Hire purchase liabilities	1,019	1,215
Other long term liabilities	185,919	187,060
Deferred tax liabilities	112,406	111,126
	<u>951,384</u>	<u>1,031,839</u>

BERJAYA ASSETS BERHAD

(COMPANY NO : 3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

	Group	
	As at 30/06/18	As at 30/06/17
	RM'000	(Audited) RM'000
CURRENT LIABILITIES		
Payables	132,388	126,875
Short term bank borrowings	165,706	64,035
Medium Term Note/Senior bonds	39,978	39,911
Hire purchase liabilities	638	496
Tax payable	3,147	4,768
	<u>341,857</u>	<u>236,085</u>
Total liabilities	<u>1,293,241</u>	<u>1,267,924</u>
TOTAL EQUITY AND LIABILITIES	<u>3,590,986</u>	<u>3,519,251</u>
<i>Net assets per share attributable to ordinary owners of the parent (sen)</i>	<i>91</i>	<i>94</i>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

BERJAYA ASSETS BERHAD

(COMPANY NO : 3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Note	CURRENT QUARTER ENDED		FINANCIAL YEAR ENDED	
		30/06/18 RM'000	30/06/17 RM'000	30/06/18 RM'000	30/06/17 RM'000
Revenue		48,489	85,825	312,690	356,358
Operating expenses		(40,800)	(67,986)	(285,383)	(274,153)
Profit from operations		<u>7,689</u>	<u>17,839</u>	<u>27,307</u>	<u>82,205</u>
Other income	A4	23,572	28,344	44,471	63,228
Other expenses	A4	(29,344)	(47,519)	(57,494)	(67,214)
Share of results from associated companies		(793)	-	(826)	-
Share of results from joint ventures		4,870	(1,510)	44,488	(1,730)
Finance costs		<u>(21,652)</u>	<u>(19,611)</u>	<u>(70,439)</u>	<u>(68,598)</u>
(Loss)/Profit before tax		(15,658)	(22,457)	(12,493)	7,891
Taxation	B5	<u>(10,803)</u>	<u>(15,298)</u>	<u>(16,730)</u>	<u>(20,108)</u>
Loss net of tax		<u>(26,461)</u>	<u>(37,755)</u>	<u>(29,223)</u>	<u>(12,217)</u>
Attributable to:					
- Owners of the Parent		(29,854)	(36,987)	(32,616)	(11,437)
- Non-controlling interests		<u>3,393</u>	<u>(768)</u>	<u>3,393</u>	<u>(780)</u>
		<u>(26,461)</u>	<u>(37,755)</u>	<u>(29,223)</u>	<u>(12,217)</u>
Loss per share (sen):					
Basic	B10	<u>(1.19)</u>	<u>(1.66)</u>	<u>(1.30)</u>	<u>(0.51)</u>
Diluted	B10	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A denotes Not Applicable

The Condensed Consolidated Statement Of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

BERJAYA ASSETS BERHAD

(COMPANY NO: 3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	CURRENT QUARTER ENDED		FINANCIAL YEAR ENDED	
	30/06/18 RM'000	30/06/17 RM'000	30/06/18 RM'000	30/06/17 RM'000
Loss net of tax	(26,461)	(37,755)	(29,223)	(12,217)
<u>Other comprehensive income</u>				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Net loss on available-for-sale investments:				
- Loss on fair value changes	(2,019)	(13,633)	(9,308)	(13,331)
- Transfer to profit or loss upon disposal	-	(1,201)	-	(1,201)
Currency translation difference	3,045	(309)	(4,004)	2,787
Total comprehensive income	<u>(25,435)</u>	<u>(52,898)</u>	<u>(42,535)</u>	<u>(23,962)</u>
Attributable to:				
- Owners of the Parent	(28,422)	(52,117)	(45,407)	(23,459)
- Non-controlling interests	2,987	(781)	2,872	(503)
	<u>(25,435)</u>	<u>(52,898)</u>	<u>(42,535)</u>	<u>(23,962)</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

BERJAYA ASSETS BERHAD
(COMPANY NO : 3907-W)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	<----- Non - distributable ----->				Distributable			
	Share Capital RM'000	Share Premium * RM'000	AFS Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Equity Funds RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 July 2017	1,447,277	-	15,949	10,068	769,361	2,242,655	8,672	2,251,327
Total comprehensive income	-	-	(9,308)	(3,483)	(32,616)	(45,407)	2,872	(42,535)
Transactions with owners:								
Issuance of ordinary shares pursuant to warrants exercised	90,843	-	-	-	-	90,843	-	90,843
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,890)	(1,890)
At 30 June 2018	<u>1,538,120</u>	<u>-</u>	<u>6,641</u>	<u>6,585</u>	<u>736,745</u>	<u>2,288,091</u>	<u>9,654</u>	<u>2,297,745</u>
At 1 July 2016	1,113,042	258,985	30,481	7,558	780,798	2,190,864	9,175	2,200,039
Total comprehensive income	-	-	(14,532)	2,510	(11,437)	(23,459)	(503)	(23,962)
Transactions with owners:								
Issuance of ordinary shares pursuant to warrants exercised	75,250	-	-	-	-	75,250	-	75,250
Transfer pursuant to S618(2) of CA 2016 *	258,985	(258,985)	-	-	-	-	-	-
At 30 June 2017	<u>1,447,277</u>	<u>-</u>	<u>15,949</u>	<u>10,068</u>	<u>769,361</u>	<u>2,242,655</u>	<u>8,672</u>	<u>2,251,327</u>

* In accordance with the transitional provisions of the Companies Act 2016 ("CA 2016") (which came into effect on 31 January 2017), the amount standing to the credit of the Company's share premium account has formed part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of the shareholders.

BERJAYA ASSETS BERHAD
(COMPANY NO : 3907-W)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	FINANCIAL YEAR	
	ENDED	
	30/06/18	30/06/17
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	318,466	388,280
Payments for operating expenses (including taxes)	(283,086)	(327,439)
Other payments	(22,193)	(7,173)
Net cash generated from operating activities	<u>13,187</u>	<u>53,668</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of other investments	28,238	7,816
Sales of plant and machinery	269	123
Sales of properties	13,970	-
Acquisition of plant and machinery	(3,218)	(2,453)
Acquisition of other non current assets	(1,815)	-
Additions to investment properties	-	(2,656)
Acquisition of equity interest in subsidiary companies	-	(24,723)
Acquisition of investment in associates	(1,053)	-
Acquisition of investments	(150,233)	(63,012)
Interest received	3,640	2,044
Redemption of redeemable preference shares in a joint venture	13,103	-
Dividend received	32,400	213
Other payments arising on investing activities	(4,014)	(5,400)
Net cash used in investing activities	<u>(68,713)</u>	<u>(88,048)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	90,843	75,250
Issuance of Medium Term Notes	160,000	-
Drawdown of bank and other borrowings	81,543	535,076
Repayment of borrowings and loans	(53,502)	(502,543)
Repayment of senior bonds	(160,000)	-
Dividend paid to non-controlling interests of a subsidiary company	(1,890)	-
Interest paid	(54,199)	(51,348)
Payment of hire purchase liabilities	(670)	(467)
Placements in bank as security pledged for borrowings	(8,712)	(20,640)
Net cash generated from financing activities	<u>53,413</u>	<u>35,328</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,113)	948
EFFECTS OF EXCHANGE RATE CHANGES	34	69
OPENING CASH AND CASH EQUIVALENTS	41,608	40,591
CLOSING CASH AND CASH EQUIVALENTS	<u>39,529</u>	<u>41,608</u>
 The closing cash and cash equivalents comprise the following:		
Deposits with licensed banks	66,186	58,436
Cash and bank balances	33,064	30,776
	<u>99,250</u>	<u>89,212</u>
Less:		
Bank overdrafts	(3,405)	-
Cash and cash equivalents restricted in usage	(56,316)	(47,604)
	<u>39,529</u>	<u>41,608</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

NOTES:

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

of the Company for the year ended 30 June 2017, which were prepared under Malaysian Financial Reporting Standards. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions which are significant for understanding the changes in the financial position and performance of the Company since the year ended 30 June 2017.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2017.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 July 2017.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

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

NOTES (CONTINUED)

- A4 a) There were no other unusual items as a result of their nature, size or incidence that had affected the financial statements for the financial quarter and year ended 30 June 2018 except for the following:

	Current Quarter ended 30/06/18 RM'000	Financial Year ended 30/06/18 RM'000
Amortisation of intangible assets	(275)	(1,100)
Impairment in value of AFS quoted investments	(8,747)	(35,616)
Gain on compulsory acquisition of assets	(498)	1,539
Gain on disposal of property, plant and equipment	200	276
Impairment of goodwill	(20,521)	(20,521)
Gain on disposal of investment properties	3,952	4,792
Gain on disposal of quoted investments	194	2,601
Fair value changes in investment properties	15,840	15,840
	<u>(9,855)</u>	<u>(32,189)</u>

- b) There were no material changes in estimates of amounts reported in the current financial quarter ended 30 June 2018.
- A5 There were no issuance and repayment of debts and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the financial year ended 30 June 2018 except for:
- a) the issuance of 90,843,800 new ordinary shares pursuant to the exercise of 90,843,800 Warrants 2008/2018 at an exercise price of RM 1.00 per new ordinary share;
- b) the sub-division of 1,279,135,359 existing ordinary shares into 2,558,270,718 ordinary shares (Sub-Division of Shares); and
- c) an additional 249,888,548 Warrants 2008/2018 were issued pursuant to the Sub-Division of Shares.

Subsequently, the remaining unexercised 499,777,096 Warrants 2008/2018 had lapsed on 16 March 2018.

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

The salient terms of Warrants 2018/2023 are:-

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

NOTES (CONTINUED)

None of the Warrants 2018/2023 was exercised in the financial quarter ended 30 June 2018.

The movements in the paid up share capital during the financial year were as follows:

<u>Paid up share capital</u>	Number of ordinary shares (‘000)	RM’000
As at 1 July 2017	1,188,292	1,447,277
Issued pursuant to Warrants 2008/2018 exercised	90,843	90,843
	<u>1,279,135</u>	<u>1,538,120</u>
Sub-division of Shares	1,279,135	-
As at 30 June 2018	<u><u>2,558,270</u></u>	<u><u>1,538,120</u></u>

A6 The Company did not pay any dividend in the financial year ended 30 June 2018.

A7 Segmental information for the financial year ended 30 June 2018:

<u>REVENUE</u>	External RM '000	Inter - segment RM '000	Total RM '000
Property development and investment	155,819	-	155,819
Gaming and related activities	113,542	2,192	115,734
Hotel and recreation	43,329	-	43,329
Elimination : Intersegment revenue	-	(2,192)	(2,192)
Total revenue	<u><u>312,690</u></u>	<u><u>-</u></u>	<u><u>312,690</u></u>

RESULTS

	RM '000
Property development and investment	52,644
Gaming and related activities	8,891
Hotel and recreation	<u>(21,149)</u>
	40,386
Unallocated corporate expenses	<u>(13,079)</u>
Profit from operations	27,307

Other income

- property development and investment	32,905
- gaming and related activities	8,021
- hotel and recreation	489
- unallocated	<u>3,056</u>
	<u>44,471</u>
Balance carried forward	<u><u>71,778</u></u>

NOTES (CONTINUED)

A7 Segmental information for the financial year ended 30 June 2018 (continued):

<u>RESULTS (CONTINUED)</u>	RM '000
Balance brought forward	71,778
Other expenses	
- property development and investment	(983)
- gaming and related activities	(56,364)
- hotel and recreation	(7)
- unallocated	(140)
	<u>(57,494)</u>
	14,284
Share of results after tax from associated companies	(826)
Share of results after tax from joint ventures	44,488
Finance costs	(70,439)
Loss before tax	<u>(12,493)</u>
Taxation	(16,730)
Loss for the year	<u><u>(29,223)</u></u>

A8 The valuation of land and buildings have been brought forward without amendment from the previous annual report except for the valuation of certain investment properties which increased by RM15.49 million to RM259.53 million.

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

A10 There were no material changes in the composition of the Group for the financial year ended 30 June 2018 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for:

- a) the incorporation of Berjaya Consulting Services Sdn Bhd ("BCSSB") which is a wholly-owned subsidiary of the Company. BCSSB is currently dormant and the intended principal activity is consulting services;
- b) the incorporation of Berjaya Assets Alliance Sdn Bhd ("BAASB") which is a wholly-owned subsidiary of the Company. The principal activity of BAASB is investment holding;
- c) the acquisition of 4,900 ordinary shares, representing 49% equity interest in Mantra Design Sdn Bhd ("MDSB") for RM1,023,000 by BAASB. The principal activity of MDSB is the provision of interior design and consulting services for land and building development plans; and
- d) the acquisition of 30,000 ordinary shares, representing 30% equity interest in Jubli Mentari Sdn Bhd ("JMSB") for RM30,000 by BAASB. JMSB has not commenced its operation and its intended principal activity is investment holding.

NOTES (CONTINUED)

A11 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 June 2017.

A12 The changes in capital commitments since the last audited statement of financial position as at 30 June 2018 are as follows:

	At 30/06/18 RM'000	At 30/06/17 RM'000
Capital expenditure approved and contracted for	27,431	27,431
Proposed acquisition of remaining 50% equity interest in Megaquest Sdn Bhd	<u>97,600</u>	<u>102,600</u>
	<u><u>125,031</u></u>	<u><u>130,031</u></u>

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

B1 Review of group performance

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

NFO in Sarawak

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

Property development and investment

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

Hotel and recreation

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

The summary results of the Group are as follows:

	3-Month Ended			Financial Year Ended		
	30/06/18	30/06/17	+ /(-)	30/06/18	30/06/17	+ /(-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	48,489	85,825	(43.50)	312,690	356,358	(12)
Profit from operations	7,689	17,839	(57)	27,307	82,205	(67)
(Loss)/Profit before tax	(15,658)	(22,457)	(30)	(12,493)	7,891	N/A

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

For the Quarter

The Group registered revenue of RM48.5 million and pre-tax loss of RM15.6 million in the current quarter ended 30 June 2018 as compared to revenue of RM85.8 million and pre-tax loss of RM22.5 million reported in the previous year corresponding quarter. The lower Group revenue was mainly due to the reversal of the sales of several parcels of land amounting to RM26.1 million (which was recognised in the second financial quarter) due to the non-fulfilment of certain condition precedent in the sales and purchase agreement. The Group would have reported revenue of RM74.6 million had the sales of land were not reversed. The gaming industry in Sarawak continued to be hurt by the continuous proliferation of both physical and online outlets offering illegal lotteries sales. The ineffective enforcements by the authorities have also contributed to the easy availability of such outlets to punters. These factors have contributed to the 18% drop of NASB's revenue. The property development and property investment business segment also reported lower revenue due to lower rental income and jetty income. The hotel and recreation business segment's revenue was lower compared to the previous year corresponding quarter due to lower occupancy rate.

The Group's pre-tax loss was lower in the current quarter under review mainly due to the recognition of lower non-cash impairment of goodwill amounting to RM20.5 million as compared to RM38.9 million recognised in the previous year corresponding quarter. Profit from operations was lower mainly due to the correspondingly lower profit contribution from the property and hotel and recreation business segments arising from lower revenue and higher operating expenses incurred. NASB reported comparable profit contribution from lower prize payout, despite having lower revenue.

For the Financial Year

For the financial year ended 30 June 2018, the Group registered revenue of RM312.7 million and pre-tax loss of RM12.5 million as compared to revenue of RM356.4 million and pre-tax profit of RM7.9 million reported in the preceding year. The drop of 24% in NASB's revenue was mainly due to the reason explained above. The property investment and development business segment reported lower revenue due to lower rental and jetty income. The hotel and recreation business segment's revenue was lower compared to the previous year due to lower occupancy rate.

The Group reported pre-tax loss for the financial year under review mainly due to the lower profit contribution from all business segments from lower revenue achieved and higher operating expenses. The Group also accounted for a non-cash impairment of goodwill amounting to RM20.5 million and impairment in value of quoted investments amounting to RM35.6 million. These were partly mitigated by the share of profit equity-accounted for by the Group from a joint venture, namely, TREC Holdings Sdn Bhd. In addition, in the previous financial year, the Group accounted for a one-off finance income arising from the initial recognition of a financial liability at fair value.

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

B2 Fourth Quarter vs Preceding Third Quarter

	3-Month Ended		
	30/06/18	31/03/18	+/(-)
	RM'000	RM'000	%
Revenue	48,489	76,553	(37)
Profit from operations	7,689	2,376	224
(Loss)/Profit before tax	(15,658)	20,152	(178)

For the current quarter under review, the Group registered a lower revenue of RM48.5 million as compared to the revenue of RM76.6 million in the preceding quarter ended 31 March 2018. The lower Group revenue for the quarter under review was mainly attributed to the reversal of the sales of several parcels of land amounting to RM26.1 million (which was recognised in the second financial quarter) due to the non-fulfilment of certain condition precedent in the sales and purchase agreement. The Group would have reported revenue of RM74.6 million had the sales of land were not reversed. NASB reported lower revenue from having lower number of draws. These were partly mitigated by the higher rental income reported by the property investment and development business segment and higher food and beverage revenue reported by the hotels and recreation business segment.

Profit from operations was higher in the current quarter under review mainly due to the lower operating expenses incurred by the property investment and development business segment as compared to the preceding quarter. The gaming and the hotel and recreation business segment reported correspondingly lower profit contribution from lower revenue achieved. Despite the higher profit from operations, the Group reported a pre-tax loss in the current quarter under review. This was mainly due to the higher share of profits from a joint venture that was accounted for in the preceding quarter.

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

B3 Future Prospects

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

B4 There is no profit forecast or profit guarantee for the financial quarter and year ended 30 June 2018.

B5 The taxation for the financial quarter and year ended 30 June 2018 are detailed as follows:

	Current Quarter ended 30/06/18 RM'000	Financial Year ended 30/06/18 RM'000
Malaysian taxation:		
Current period/year provision	1,595	5,982
Under provision of additional taxes in prior years	1,296	2,208
Deferred tax	7,802	7,678
Real property gains tax	-	499
Withholding tax	110	363
	<u>10,803</u>	<u>16,730</u>

The disproportionate taxation of the Group for the financial quarter and year ended 30 June 2018 was mainly due to certain expenses being disallowed for tax purposes, as well as non availability of the Group tax relief in respect of losses incurred by certain subsidiary companies.

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

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

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

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

- b) On 12 July 2016, Tropicfair Sdn Bhd, a wholly-owned subsidiary company of the Company had entered into a Share Sale Agreement with Violet Circle Sdn Bhd to acquire the remaining 50% equity interest in Megaquest Sdn Bhd for a total cash consideration of RM108.0 million. The said acquisition is still pending.

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

B7 The Group borrowings as at 30 June 2018 are as follows:

Secured:	RM'000
Short term bank borrowings	
- Denominated in Ringgit Malaysia	121,006
- Denominated in GBP (£8,250,000) *	44,700
	165,706
Long term bank borrowings	
- Denominated in Ringgit Malaysia	422,460
- Denominated in GBP (£20,625,000) *	111,750
	534,210
Medium Term Notes	157,808
Total borrowings	<u>857,724</u>

* *Converted at the exchange rate prevailing as at 30 June 2018.*

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

Reference is made to Note 41 of the financial statements of the Group for the year ended 30 June 2017.

The next High Court case management date has been fixed on 18 September 2018.

The next mention date of the tax appeal case before the SCIT has been fixed on 14 December 2018.

The Court of Appeal had unanimously dismissed the IRB Appeal at the hearing held on 13 April 2018. IRB has filed an application for leave to appeal to the Federal Court on 8 May 2018. The Federal Court has fixed 26 September 2018 to hear the IRB 's application for leave to appeal against the Court of Appeal's decision to preserve the stay order granted by the High Court.

The above litigations are still on-going.

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

B9 The Board does not recommend any dividend in the current quarter (previous year's quarter ended 30 June 2017 : Nil).

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

	<u>Current Quarter Ended</u>			
	30/06/18 RM'000	30/06/17 RM'000	30/06/18 Sen	30/06/17 Sen
Loss for the quarter	<u>(29,854)</u>	<u>(36,987)</u>		
Weighted average number of ordinary shares ('000)	<u>2,502,656</u>	<u>2,226,084</u> *		
Basic loss per share			<u>(1.19)</u>	<u>(1.66) #</u>
	<u>Financial Year Ended</u>			
	30/06/18 RM'000	30/06/17 RM'000	30/06/18 Sen	30/06/17 Sen
Loss for the year	<u>(32,616)</u>	<u>(11,437)</u>		
Weighted average number of ordinary shares ('000)	<u>2,515,487</u>	<u>2,226,084</u> *		
Basic loss per share			<u>(1.30)</u>	<u>(0.51) #</u>

* Adjusted for Sub-division of Shares

No diluted loss per share is presented for the financial quarter and year ended 30 June 2018 as the computation based on the outstanding warrants would have an anti-dilutive effect.

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

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

	Current Quarter ended 30/06/18 RM'000	Financial Year ended 30/06/18 RM'000
Interest income	(1,124)	(3,565)
Dividend income	(3,804)	(4,942)
Other income excluding dividend and interest income	(2,804)	(20,124)
Fair value changes in investment properties	(15,840)	(15,840)
Depreciation of property, plant and equipment	3,368	14,787
Amortisation of intangible assets	275	1,100
Impairment in value of AFS quoted investments	8,369	35,616
Gain on disposal of investment properties	(3,454)	(4,294)
Unrealised foreign exchange loss/(gain)	304	(2,676)
Impairment of goodwill	20,521	20,521
Gain on disposal of quoted investments	(194)	(2,601)
Gain or loss on derivatives	N/A	N/A

N/A denotes Not Applicable