

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

26 August 2020

UNAUDITED (Q4) INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<u>Group</u>	
	As at 30/06/2020	As at 30/06/2019 (Audited)
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	276,441	279,710
Investment properties	2,401,554	2,499,865
Inventories - land held for development	79,130	74,693
Prepaid lease payments	4,148	4,475
Associated company	10,933	3,077
Joint ventures	10,075	14,055
Investments	168,238	240,651
Deferred tax assets	5,173	13,063
Intangible assets	12,982	16,058
Receivables	2,247	2,037
	<u>2,970,921</u>	<u>3,147,684</u>
CURRENT ASSETS		
Inventories - others	194,195	196,611
Receivables	54,198	75,499
Tax recoverable	424	4
Deposits with licensed banks	11,147	59,190
Cash and bank balances	41,270	35,028
	<u>301,234</u>	<u>366,332</u>
TOTAL ASSETS	<u>3,272,155</u>	<u>3,514,016</u>
EQUITY		
Share capital	1,538,120	1,538,120
Reserves :		
Foreign currency translation reserve	6,866	6,537
Fair value through other comprehensive income ("FVTOCI") reserve	(166,178)	(124,538)
Retained earnings	631,403	763,489
	<u>472,091</u>	<u>645,488</u>
Equity attributable to owners of the parent	2,010,211	2,183,608
Non-controlling interests	(58)	9,516
Total equity	<u>2,010,153</u>	<u>2,193,124</u>

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

	As at 30/06/2020	Group As at 30/06/2019 (Audited)
	RM'000	RM'000
NON-CURRENT LIABILITIES		
Long term bank borrowings	481,416	485,445
Senior medium term notes	158,558	158,172
Lease liabilities	10,976	969
Other long term liabilities	186,653	175,820
Deferred tax liabilities	169,479	173,926
	1,007,082	994,332
CURRENT LIABILITIES		
Payables	136,751	157,225
Short term bank borrowings	112,817	165,411
Lease liabilities	1,900	837
Provisions	154	129
Tax payable	3,298	2,958
	254,920	326,560
Total liabilities	1,262,002	1,320,892
TOTAL EQUITY AND LIABILITIES	3,272,155	3,514,016
<i>Net assets per share attributable to ordinary owners of the parent (sen)</i>	79	87

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

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Note	CURRENT QUARTER ENDED		FINANCIAL YEAR ENDED	
		30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Revenue		36,118	102,248	246,702	330,734
Operating expenses		(15,450)	(84,712)	(190,527)	(272,594)
Profit from operations		<u>20,668</u>	<u>17,536</u>	<u>56,175</u>	<u>58,140</u>
Other income	A4	5,442	6,065	15,009	18,522
Other expenses	A4	(114,934)	(20,938)	(116,802)	(22,545)
Share of results from associated companies		(1,728)	607	(66)	2,880
Share of results from joint ventures		(2,489)	349	(2,215)	387
Finance costs		<u>(25,180)</u>	<u>(21,992)</u>	<u>(74,403)</u>	<u>(71,482)</u>
Loss before tax		(118,221)	(18,373)	(122,302)	(14,098)
Taxation	B5	<u>(5,573)</u>	<u>(63,329)</u>	<u>(10,840)</u>	<u>(68,260)</u>
Loss net of tax		<u>(123,794)</u>	<u>(81,702)</u>	<u>(133,142)</u>	<u>(82,358)</u>
Attributable to:					
- Owners of the Parent		(118,327)	(81,878)	(126,262)	(81,363)
- Non-controlling interests		<u>(5,467)</u>	<u>176</u>	<u>(6,880)</u>	<u>(995)</u>
		<u>(123,794)</u>	<u>(81,702)</u>	<u>(133,142)</u>	<u>(82,358)</u>
Loss per share (sen):					
Basic	B10	<u>(4.63)</u>	<u>(3.27)</u>	<u>(4.94)</u>	<u>(3.18)</u>

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

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	CURRENT QUARTER ENDED		FINANCIAL YEAR ENDED	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Loss net of tax	(123,794)	(81,702)	(133,142)	(82,358)
<u>Other comprehensive income</u>				
<u>Item that may be subsequently reclassified to profit or loss</u>				
Currency translation difference	467	(1,110)	365	(166)
<u>Item that will not be subsequently reclassified to profit or loss</u>				
Net changes in fair value of investments at fair value through other comprehensive income ("FVTOCI")	(11,047)	(9,849)	(47,464)	(22,727)
Total comprehensive income	<u>(134,374)</u>	<u>(92,661)</u>	<u>(180,241)</u>	<u>(105,251)</u>
Attributable to:				
- Owners of the Parent	(128,943)	(92,565)	(173,397)	(104,138)
- Non-controlling interests	<u>(5,431)</u>	<u>(96)</u>	<u>(6,844)</u>	<u>(1,113)</u>
	<u>(134,374)</u>	<u>(92,661)</u>	<u>(180,241)</u>	<u>(105,251)</u>

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

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	<--- Non - distributable --->				Distributable			
	Share Capital RM'000	AFS Reserve RM'000	FVTOCI Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Equity Funds RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 July 2019	1,538,120	-	(124,538)	6,537	763,489	2,183,608	9,516	2,193,124
Transfer upon disposal of FVTOCI investments	-	-	5,824	-	(5,824)	-	-	-
Total comprehensive income	-	-	(47,464)	329	(126,262)	(173,397)	(6,844)	(180,241)
Transaction with owners:								
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	(2,730)	(2,730)
At 30 June 2020	<u>1,538,120</u>	<u>-</u>	<u>(166,178)</u>	<u>6,866</u>	<u>631,403</u>	<u>2,010,211</u>	<u>(58)</u>	<u>2,010,153</u>
At 1 July 2018	1,538,120	6,641	-	6,585	736,400	2,287,746	9,654	2,297,400
Effects of adoption of MFRS 9	-	(6,641)	(108,816)	-	115,457	-	-	-
At 1 July 2018 (as restated)	<u>1,538,120</u>	<u>-</u>	<u>(108,816)</u>	<u>6,585</u>	<u>851,857</u>	<u>2,287,746</u>	<u>9,654</u>	<u>2,297,400</u>
Transfer upon disposal of FVTOCI investments	-	-	7,005	-	(7,005)	-	-	-
Total comprehensive income	-	-	(22,727)	(48)	(81,363)	(104,138)	(1,113)	(105,251)
Transactions with owners:								
Non -controlling interests arising from additional subscription of shares in a subsidiary company	-	-	-	-	-	-	2,725	2,725
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,750)	(1,750)
At 30 June 2019	<u>1,538,120</u>	<u>-</u>	<u>(124,538)</u>	<u>6,537</u>	<u>763,489</u>	<u>2,183,608</u>	<u>9,516</u>	<u>2,193,124</u>

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

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL YEAR	
	ENDED	
	30/06/2020	30/06/2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	233,664	312,421
Payments for operating expenses	(186,371)	(228,824)
Other payments (including taxes)	(6,959)	(8,900)
Net cash generated from operating activities	40,334	74,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of plant and machinery	19	779
Sales of other investments	24,710	58,241
Sales of non current assets	-	26,118
Acquisition of plant and machinery	(2,637)	(3,162)
Acquisition of properties	-	(1,670)
Acquisition of other non current assets	(237)	-
Acquisition of equity interest in subsidiary companies	-	(5,858)
Acquisition of investments	-	(50,188)
Acquisition of additional equity interest in an associated company	(2,000)	-
Interest received	2,568	3,627
Dividend received	4,353	3,189
Other payments arising on investing activities	-	(5,083)
Net cash generated from investing activities	26,776	25,993
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares to non-controlling interests	-	1,750
Drawdown of bank and other borrowings	20,000	157,293
Repayment of borrowings and loans	(74,420)	(212,262)
Repayment of other borrowings	(64)	-
Dividend paid to non-controlling interests of a subsidiary company	-	(1,750)
Interest paid	(50,369)	(56,414)
Payment of hire purchase liabilities	(3,192)	(783)
Withdrawal from banks as security pledged for borrowings	21,676	3,050
Net cash used in financing activities	(86,369)	(109,116)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19,259)	(8,426)
EFFECTS OF EXCHANGE RATE CHANGES	14	(51)
OPENING CASH AND CASH EQUIVALENTS	31,013	39,529
CLOSING CASH AND CASH EQUIVALENTS	11,768	31,052
The closing cash and cash equivalents comprise the following:		
Deposits with licensed banks	11,147	59,190
Cash and bank balances	41,270	35,028
	52,417	94,218
Less:		
Bank overdrafts	(9,059)	(9,900)
Cash and cash equivalents restricted in usage	(31,590)	(53,266)
	11,768	31,052

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

NOTES:

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

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

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

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

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

(a) MFRS 16: Leases

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

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

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

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

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

<u>Consolidated Statement of Financial Position</u>	RM'000
Increase in right-of-use assets	12,704
Increase in lease liabilities	<u>12,704</u>

Significant accounting policies

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

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

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

IC Interpretation 23 will be applied retrospectively.

As disclosed in Note 41 of the audited consolidated financial statements for the year ended 30 June 2019 and Note B8, the Group has 3 on-going litigations relating to disputed additional assessments of income taxes raised by the Inland Revenue Board. The Group has assessed and concluded that based on the legal opinion which states that Berjaya Times Square Sdn Bhd ("BTSSB") has reasonable grounds to take a position that the gains for disposal of investment properties should not be subjected to income tax, the adoption of IC Interpretation 23 has no material impact on the financial statements of the Group.

- A2 The audit report of the Company's most recent annual audited financial statements did not contain any qualification.
- A3 Our principal business operations are not significantly affected by any seasonal or cyclical factors except for the gaming and recreation businesses that may be favourably impacted by the festive and school holiday seasons respectively.
- A4 (a) Following the global outbreak of Covid-19 pandemic, the Malaysian Government had imposed various phases of Movement Control Order ("MCO") beginning from 18 March 2020 as a preventive measure to curb the outbreak. Currently, Malaysia has eased into the recovery phase of MCO which will end on 31 August 2020. The earlier phases of MCO required temporary closure of all businesses except for those involved in the provision of essential services and products and had resulted in closure of the business operations of the Group for varying periods of time during the third and fourth quarters under review. Further details are disclosed in Notes B1 and B2 below.

NOTES (CONTINUED)

A4 (a) Other than the above, 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 2020 except for the following:

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

	Current Quarter ended 30/06/2020 RM'000	Financial Year ended 30/06/2020 RM'000
Impairment of fair values of investment properties	(98,920)	(98,920)
Deposit forfeited and liquidated ascertained damages in respect of the rescission of a share sale agreement	(10,800)	(10,800)
Loss arising from dilution of equity interest in a former subsidiary to an associated company	(780)	(838)
Amortisation of intangible assets	(275)	(1,100)
Impairment in value of FVTOCI quoted investments	-	(237)
Impairment of investment in a joint venture	<u>(408)</u>	<u>(759)</u>

(b) There were no material changes in estimates of amounts reported in the current financial quarter and year ended 30 June 2020.

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 2020.

In addition, none of the outstanding Warrants 2018/2023 were exercised in the financial year ended 30 June 2020.

A6 The Company did not pay any dividend in the financial year ended 30 June 2020.

NOTES (CONTINUED)

A7 Segmental information for the financial year ended 30 June 2020:

	External	Inter -	Total
	RM '000	segment	RM '000
		RM '000	
REVENUE			
Property development and investment	138,900	-	138,900
Gaming and related activities	78,303	(1,510)	76,793
Hotel, recreation and others	29,499	(1)	29,498
Elimination : Intersegment revenue	-	1,511	1,511
Total revenue	<u>246,702</u>	<u>-</u>	<u>246,702</u>
RESULTS			RM '000
Property development and investment			67,420
Gaming and related activities			(946)
Hotel, recreation and others			<u>(23,629)</u>
			42,845
Unallocated corporate expenses			<u>13,330</u>
Profit from operations			56,175
Other income			
- property development and investment			8,162
- gaming and related activities			3,966
- hotel and recreation			1,669
- unallocated			1,212
			<u>15,009</u>
			71,184
Other expenses			
- property development and investment			(103,557)
- gaming and related activities			(1,340)
- hotel and recreation			(1)
- unallocated			(11,904)
			<u>(116,802)</u>
			(45,618)
Share of results after tax from associated companies			(66)
Share of results after tax from joint ventures			(2,215)
Finance costs			<u>(74,403)</u>
Loss before tax			(122,302)
Taxation			(10,840)
Loss for the financial year			<u>(133,142)</u>

NOTES (CONTINUED)

A8 Based on valuations carried out by independent professional valuers, the fair values of the investment properties of the Group as at 30 June 2020 are measured to be RM2.40 billion. The Group has recognised an impairment in fair values of investment properties amounting to RM98.9 million to the profit or loss as a result of the adverse impact of the Covid-19 pandemic.

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 2020 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except as disclosed below:

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

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

A11 There were no material changes in contingent liabilities or contingent assets since the last audited statement of financial position as at 30 June 2019 except for the contingent payment of the late payment interest amounting to RM23.2 million in respect of the rescission of Share Sale Agreement to acquire the remaining 50% equity interest in Megaquest Sdn Bhd by Tropicfair Sdn Bhd as disclosed in Note B6(b). The negotiation on the rescission is still on-going.

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

	At 30/06/2020 RM'000	At 30/06/2019 RM'000
Capital expenditure approved and contracted for	40,931	40,931
Proposed acquisition of remaining 50% equity interest in Megaquest Sdn Bhd	-	97,600
	<u>40,931</u>	<u>138,531</u>

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

B1 Review of group performance

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

Property development and investment

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

Hotel and recreation

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

NFO in Sarawak

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

Following the global outbreak of Covid-19 pandemic, the Malaysian Government had imposed various phases MCO beginning from 18 March 2020 as a preventive measure to curb the outbreak. Malaysia is now in the recovery phase of MCO up to 31 August 2020. The MCO required temporary closure of all businesses except for those involved in the provision of essential services and products and had resulted in closure of the business operations of the Group for varying periods of time during the third and fourth quarters under review.

The summary results of the Group are as follows:

	3-Month Ended			Financial Year Ended		
	30/06/2020	30/06/2019	+ /(-)	30/06/2020	30/06/2019	+ /(-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	36,118	102,248	(65)	246,702	330,734	(25)
Profit from operations	20,668	17,536	18	56,175	58,140	(3)
Loss before tax	(118,221)	(18,373)	543	(122,302)	(14,098)	768

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B1 Review of group performance (Contd)**For the Quarter

The Group registered revenue of RM36.1 million and pre-tax loss of RM118.2 million in the current quarter ended 30 June 2020 as compared to revenue of RM102.2 million and pre-tax loss of RM18.4 million reported in the previous year corresponding quarter. The significantly lower Group revenue and pre-tax loss was mainly due to the adverse impact arising from the closure of the Group's business operations during the various phases of MCO in the current quarter under review.

NASB has only commenced its business operations on 20 June 2020, after being closed since the imposition of MCO on 18 March 2020. This has resulted in the cancellation of 35 draws and NASB was only able to conduct 5 draws in the current fourth quarter under review. The property development and property investment business segment reported lower rental income, mainly due to the 14-day rental relief granted to its eligible tenants. The Group's hotel, Berjaya Waterfront Hotel in Johor Bahru operated as one of the quarantine centres for returning Malaysians from overseas from 19 April 2020 to 3 June 2020, earning room sales of RM150 per room per day during the mandatory quarantine period. The theme park business operations remained closed from 18 March 2020 to 30 June 2020, whilst the jetty business operations will remain closed as long as the borders of Malaysia remains closed.

The significantly lower revenue registered has resulted in the Group incurring a higher pre-tax loss in the current quarter. The Covid-19 pandemic has also adversely impacted the fair values of the Group's investment properties, resulting in the Group recognising an impairment in fair values of investment properties amounting to RM98.92 million in the current quarter under review. The Group has also accounted for the forfeiture of the deposit paid and liquidated ascertained damages, amounting to RM10.80 million, arising from the rescission of a share sale agreement to acquire the remaining 50% equity stake in Megaquest Sdn Bhd.

For the Financial Year

For the financial year ended 30 June 2020, the Group registered a revenue of RM246.7 million and pre-tax loss of RM122.3 million as compared to a revenue of RM330.7 million and pre-tax loss of RM14.1 million reported in the preceding financial year.

The lower Group revenue was mainly due to:

- (i) lower revenue from lower number of draws from the gaming business segment due to the closure of outlets during the MCO period that had resulted in the cancellation of 41 draws;
- (ii) lower rental income contribution from the property development and property investment business segment due to the lower occupancy rates recorded and the 28-day rental relief granted to eligible tenants during the MCO period;

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

B1 Review of group performance (Contd)

For the Financial Year (Contd)

- (iii) lower contribution from the hotel and recreation business from lower occupancy rates and lower food and beverage sales; and
- (iv) lower theme park tickets sales and jetty income mainly due to the business closure from 18 March 2020 to 30 June 2020.

The higher pre-tax loss in the financial year under review was primarily due to the significantly lower revenue reported and factors explained in the review of the results of the current quarter above.

B2 Fourth Quarter vs Preceding Third Quarter

	3-Month Ended		
	30/06/2020	31/03/2020	+/(-)
	RM'000	RM'000	%
Revenue	36,118	63,853	(43)
Profit from operations	20,668	5,558	272
Loss before tax	(118,221)	(9,273)	1,175

For the current quarter under review, the Group registered a revenue of RM36.1 million which was 43% lower compared to the revenue of RM63.9 million in the preceding quarter ended 31 March 2020. The pre-tax loss for the current quarter amounted to RM118.2 million as compared to pre-tax loss of RM9.3 million reported for the preceding quarter.

The lower Group revenue was mainly due to lower hotel occupancy and average room rates, lower sales of food and beverage and theme park tickets, lower rental income generated by the property development and property investment business segment due to factors mentioned in the paragraph under Note B1 on the commentary for the current quarter's results. The lower revenue from the gaming business segment was primarily due to the cancellation of 35 draws in the MCO period.

The pre-tax loss in the current quarter under review was mainly due to the factors mentioned in Note B1 above.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B3 Future Prospects**

The Covid-19 pandemic which resulted in unprecedented preventive measures of varying degrees of global population lockdown had adversely impacted the global economy. In Malaysia, the MCO which began on 18 March 2020 had eased into a Conditional MCO ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery MCO from 10 June 2020 to 31 August 2020. Most of the Group's business operations have resumed full business operations during the current Recovery MCO period with the implementation of new social distancing rules and other guidelines under the Standard Operating Procedures ("SOPs") issued by the National Security Council. The jetty business operations however remained closed due to the continued closure of the Malaysian borders.

Although the footfall to the shopping malls and the gaming business sales have been gradually increasing, they have not reached the levels recorded prior to the implementation of the MCO. As for the hotel business segment, the Directors also expect that the occupancy rates and the revenue from events will remain low arising from low tourist arrivals from borders closure coupled with new social distancing rules during this global Covid-19 pandemic.

In view of the above factors and the immense challenges created by the pandemic, the Group is unable to forecast with certainty, when its business operations will return to the level prior to the Covid-19 pandemic. Hence, the Directors expect the results of the Group for the financial year ending 30 June 2021 to be challenging as the Group continues to deal with the adverse impact arising from the Covid-19 pandemic.

B4 There is no profit forecast or profit guarantee for the financial quarter and period ended 30 June 2020.

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

B5 The income tax expenses for the financial quarter and year ended 30 June 2020 are detailed as follows:

	Current Quarter ended 30/06/2020 RM'000	Financial Year ended 30/06/2020 RM'000
Malaysian taxation:		
Current period provision	2,625	7,003
Over provision of additional taxes in prior years	(142)	(118)
Deferred tax	2,961	3,442
Withholding tax	129	513
	<u>5,573</u>	<u>10,840</u>

The disproportionate tax charge of the Group for the financial quarter and year ended 30 June 2020 was mainly due to certain expenses being disallowed for tax purposes, utilisation of unused business losses, derecognition of deferred tax losses, the reversal of deferred tax liabilities in relation to the impairment of fair values of investment properties as well as non-availability of the Group tax relief in respect of losses incurred by certain subsidiary companies.

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

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

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

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

On 12 June 2020, Tropicfair Sdn Bhd had rescinded the above Share Sale Agreement.

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

B7 The Group borrowings as at 30 June 2020 are as follows:

Secured:	RM'000
Short term bank borrowings	
- Denominated in Ringgit Malaysia	107,551
- Denominated in GBP (£1,000,000) *	5,266
	112,817
Long term bank borrowings	
- Denominated in Ringgit Malaysia	346,482
- Denominated in GBP (£25,626,000) *	134,934
	481,416
Senior medium term notes	158,558
Total borrowings	<u>752,791</u>

* *Converted at the exchange rate prevailing as at 30 June 2020.*

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

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

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

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

On 2 June 2020, the Court of Appeal was informed that the hearing date of the Similar Case was vacated and a case management date is now fixed on 9 June 2020. Hence, the Court of Appeal fixed the next case management date for Tax Appeal 2 to be on 20 July 2020.

On 20 July 2020, The Court of Appeal was informed that the hearing date for Similar Case at the Federal Court has been fixed on 26 August 2020. After deliberation, the Court of Appeal decided that both parties to submit necessary documents for trial and fixed 1 February 2021 as a case management date to update the Court of Appeal on the status of the submission of trial documents and the status of Similar Case.

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

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. (Continued)

The hearing date for Tax Appeal 2 at Court of Appeal has been fixed on 15 February 2021.

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

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

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

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

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

Due to the imposition of MCO, the hearing date for BTSSB's judicial review application was postponed to 1 June 2020 and the High Court has granted BTSSB an interim stay on payment of additional tax assessments until then. Subsequently, the hearing date on 1 June 2020 was vacated and fixed as a case management date instead.

On 1 June 2020, the High Court has extended the interim stay until the next hearing date which was fixed on 9 July 2020. The hearing date was subsequently vacated and instead a case management was fixed. On 9 July 2020, the High Court has directed that the hearing date of the application for judicial review be fixed on 12 August 2020, and the Court has granted BTSSB an interim stay until 12 August 2020.

On 12 August 2020, the High Court adjourned the hearing and a case management was conducted instead. The new hearing date is now fixed on 7 October 2020 and the interim stay continued to be granted to BTSSB until then.

The above litigations are still on-going.

B9 The Board does not recommend any dividend in the current quarter (previous year's quarter ended 30 June 2019 : Nil).

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

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>			
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 Sen	30/06/2019 Sen
Loss for the quarter	<u>(118,327)</u>	<u>(81,878)</u>		
Weighted average number of ordinary shares ('000)	<u>2,558,271</u>	<u>2,502,656</u>		
Basic loss per share			<u>(4.63) #</u>	<u>(3.27) #</u>
	<u>Financial Year Ended</u>			
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 Sen	30/06/2019 Sen
Loss for the financial year	<u>(126,262)</u>	<u>(81,363)</u>		
Weighted average number of ordinary shares ('000)	<u>2,558,271</u>	<u>2,558,271</u>		
Basic loss per share			<u>(4.94) #</u>	<u>(3.18) #</u>

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

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

	Current Quarter ended 30/06/2020 RM'000	Financial Year ended 30/06/2020 RM'000
Interest income	(801)	(2,529)
Dividend income	(1,299)	(4,353)
Other income excluding dividend and interest income	(3,342)	(8,127)
Depreciation of property, plant and equipment	3,234	15,961
Amortisation of intangible assets	275	1,100
Impairment in fair values of investment properties	98,920	98,920
Deposit forfeited and liquidated ascertained damages in respect of the rescission of a share sale agreement	10,800	10,800
Impairment in value of FVTOCI quoted investments	-	237
Impairment of investment in a joint venture	408	759
Loss arising from dilution of equity interest in a former subsidiary to an associated company	<u>780</u>	<u>838</u>