

The Sun Daily - GST Adjustment Impacts BCorp Q3 Profit

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GST adjustment impacts BCorp Q3 profit

PETALING JAYA: Berjaya Corp Bhd's (BCorp) pre-tax profit for the third quarter ended Jan 31, 2017 fell to RM83.86 million from RM118.42 million a year ago due to lower contribution from gaming operations operated by Sports Toto Malaysia Sdn Bhd (STM) impacted by the Goods and Services Tax (GST).

The gaming operations operated by STM, principal subsidiary of Berjaya Sports Toto Bhd, reported lower revenue due to STM making an additional GST adjustment of RM15.6 million against its revenue.

The adjustment was made pursuant to a notification from the Royal Malaysian Customs Department due to a different interpretation on the value of gaming supply.

STM submitted an application to the director general last month for a review of the Customs' decision. The revenue of STM is presented net of gaming tax and GST.

In a filing with Bursa Malaysia yesterday, the group said the gaming business reported lower pre-tax profit due to the GST adjustment and higher operating expenses, but was partly mitigated by lower prize payout during the quarter.

The retail distribution business reported a pre-tax loss due to unfavourable economic conditions in China while the motor distribution business reported a higher pre-tax profit due to higher sales volume of certain new car models by H.R. Owen PLC.

The restaurants and cafes business reported lower pre-tax profit due to losses incurred by the Kenny Rogers Roasters operations in Malaysia, which was hit by weak consumer sentiment and write down of fixed assets arising from the closures of non-performing franchised food operations.

The property investment and development business contributed higher

pre-tax profit due to sales of several units of residences in Japan during the quarter while the higher pre-tax profit from the hotels and resorts business was due to higher revenue and lower operating expenses incurred during the quarter.

Revenue for the quarter rose 2.45% to RM2.22 billion from RM2.17 billion a year ago mainly due to higher revenue reported by the property investment and development business segment as a result of sales of several units of residences in Japan.

Meanwhile, for the nine months ended Jan 31, 2017, pre-tax profit fell 4.61% to RM563.95 million from RM591.20 million a year ago while revenue rose 5.63% to RM6.90 billion from RM6.54 billion a year ago.

BCorp said the operating environment for the remaining quarter of the financial year ending April 30, 2017 will be very challenging, given the prevailing economic conditions and global financial outlook.

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