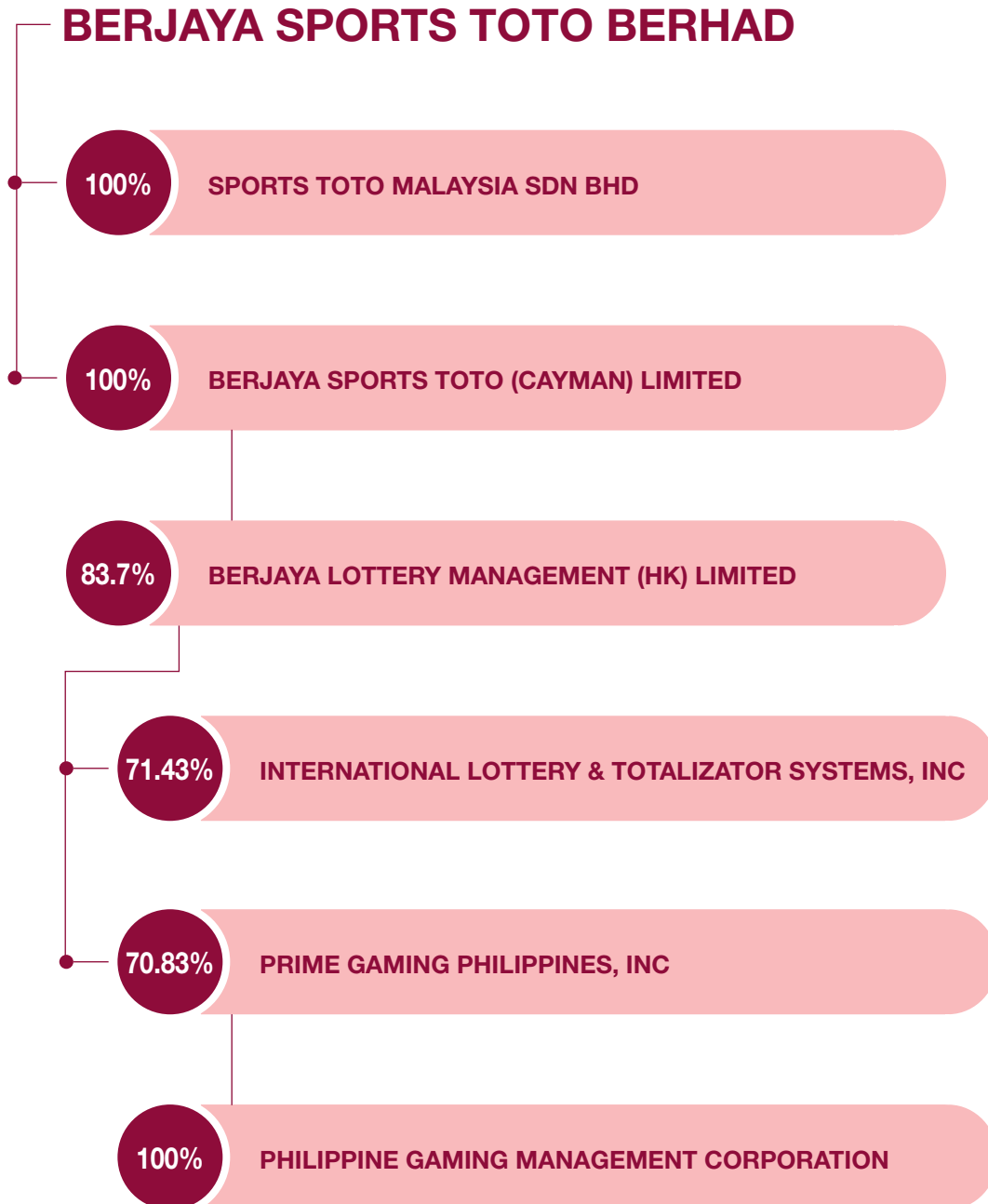


corporate structure

of Main Operating Companies as at 18 August 2006



group financial summary

Description	2006 US\$'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Revenue	810,572	2,938,322	2,670,206	2,477,296	2,205,646	2,294,343	2,333,339
Profit before taxation	157,769	571,914	487,497	437,989	393,583	426,235	400,858
Profit after taxation	128,914	467,314	329,463	297,232	261,842	292,670	272,595
Minority interests	(769)	(2,789)	(1,307)	(159,193)	(4,340)	10,830	11,039
Profit attributable to shareholders	128,145	464,525	328,156	138,039	257,502	303,500	283,634
Share capital	186,349	675,515	1,212,105	1,037,588	801,315	584,878	575,758
Share premium	92,939	336,904	296,411	261,607	192,817	144,180	97,731
8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS") - equity component	-	-	52,296	133,134	240,702	-	-
Reserves	127,970	463,891	443,458	366,719	579,248	1,224,696	1,021,525
Equity Funds	407,258	1,476,310	2,004,270	1,799,048	1,814,082	1,953,754	1,695,014
Treasury shares	(65,773)	(238,427)	(373,568)	(215,258)	(206,089)	(162,993)	(96,358)
Premium over ICULS bought back	-	-	(57,355)	(57,355)	(35,348)	-	-
Net Equity Funds	341,485	1,237,883	1,573,347	1,526,435	1,572,645	1,790,761	1,598,656
Minority interests	2,843	10,306	7,429	8,485	(155,116)	(152,585)	(136,994)
9% Redeemable Convertible Unsecured Loan Stocks 1992/1997	-	-	-	-	-	-	-
Provisions	344,328	1,248,189	1,580,776	1,534,920	1,417,529	1,638,176	1,461,662
Long term borrowings	626	2,269	2,223	1,858	1,816	475	365
Deferred liabilities	130,344	472,500	-	-	-	-	-
Deferred tax liabilities	9,320	33,784	32,364	31,528	31,117	30,903	32,278
Deferred tax liabilities	656	2,378	17,059	11,889	7,488	3,652	4,721
ICULS - liability component	-	-	18,394	116,865	248,966	-	-
Current liabilities	89,368	323,958	229,399	423,173	349,292	419,193	485,165
	574,642	2,083,078	1,880,215	2,120,233	2,056,208	2,092,399	1,984,191
Property, plant & equipment	21,045	76,287	72,777	79,453	115,086	123,732	113,937
Intangible assets	167,723	607,995	609,422	619,768	612,801	642,141	644,546
Investments	17,511	63,479	71,882	85,250	14,719	19,894	19,841
Deferred tax assets	267	969	407	243	159	-	-
Long term receivable	-	-	3,393	3,504	-	-	-
Current assets	368,096	1,334,348	1,122,334	1,332,015	1,313,443	1,306,632	1,205,867
Total Assets	574,642	2,083,078	1,880,215	2,120,233	2,056,208	2,092,399	1,984,191
Net Tangible Assets Per Share (Cents/Sen)	13.4	48.7	80.4	77.3	93.8	205.6	171.0
Net Assets Per Share (Cents/Sen)	26.4	95.6	134.2	139.3	173.8	320.6	286.6
Gross Earnings Per Share (Cents/Sen)	12.7	46.2	48.1	32.7	59.8	78.1	72.5
Net Earnings Per Share (Cents/Sen)	10.5	37.9	32.6	16.3	39.9	54.5	50.1
Gross Dividend Rate Per Share (Cents/Sen)	14	51	45	28	208#	50	28
Net Dividend Amount (US\$'000/RM'000)	128,927	467,360	343,365	193,342	958,623	199,972	112,869

Note:

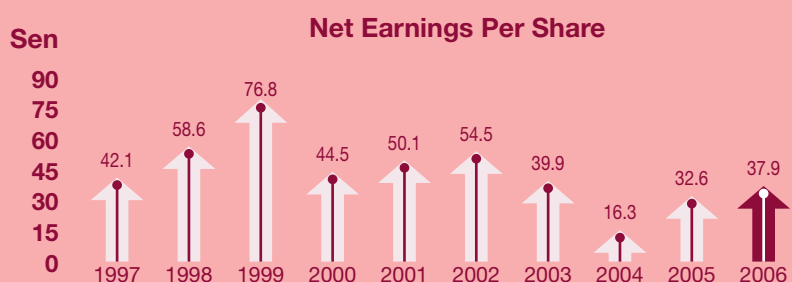
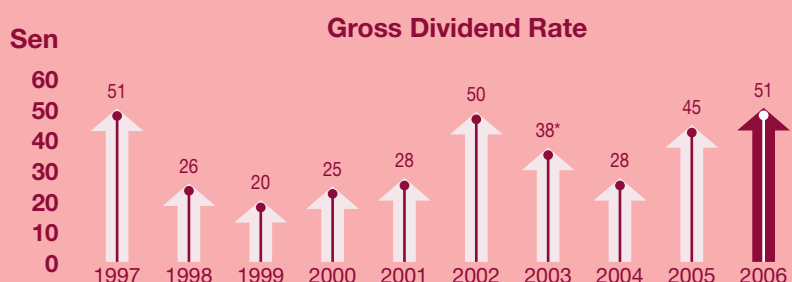
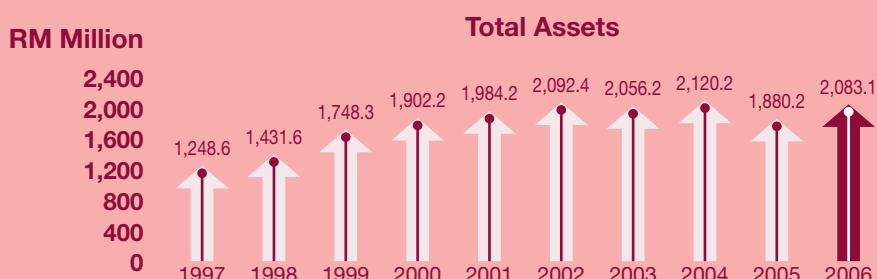
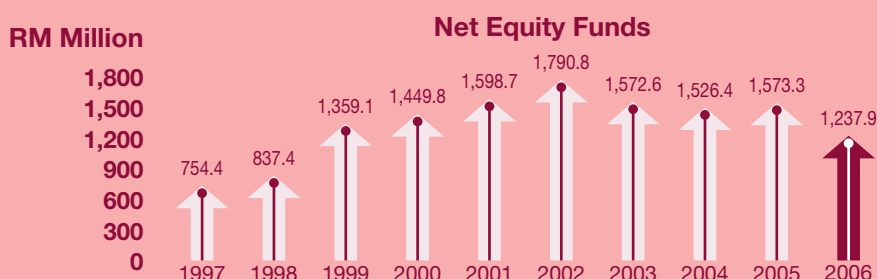
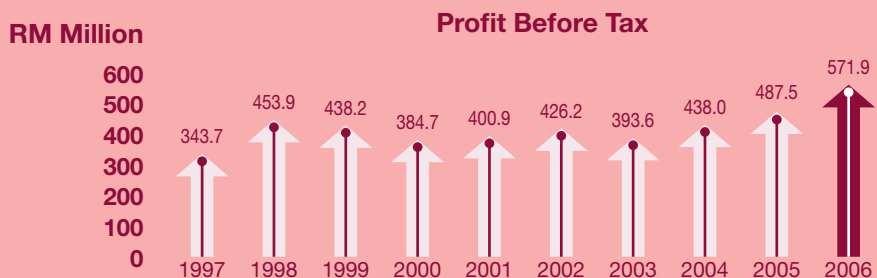
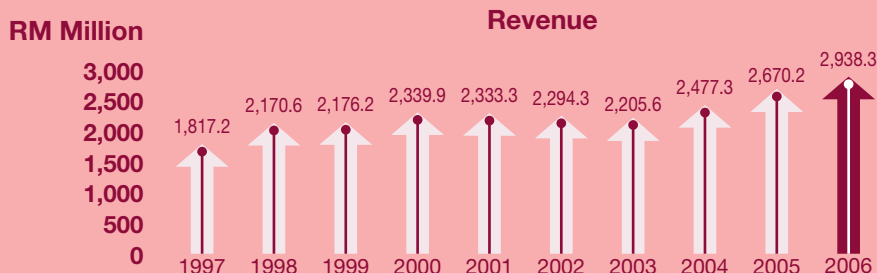
Where additional shares are issued, the earnings per share are calculated on a weighted average number of shares.

Exchange rate: US\$1.00=RM3.625

#This figure includes a special dividend of 170 sen.

group financial highlights

	2000	1999	1998	1997
	RM'000	RM'000	RM'000	RM'000
	2,339,894	2,176,183	2,170,569	1,817,207
	384,724	438,206	453,925	343,691
	231,891	439,490	334,400	238,474
	22,583	2,637	-	-
	254,474	442,127	334,400	238,323
	575,084	572,339	572,322	568,197
	94,374	80,704	80,642	76,349
	-	-	-	-
	856,090	706,073	184,408	109,832
	1,525,548	1,359,116	837,372	754,378
	(25,744)	-	-	-
	-	-	-	-
	1,499,804	1,359,116	837,372	754,378
	(106,292)	(73,948)	-	-
	-	-	-	4,515
	1,393,512	1,285,168	837,372	758,893
	300	308	-	-
	-	-	-	-
	29,939	28,470	26,093	29,353
	5,936	7,087	7,087	7,600
	-	-	-	-
	472,487	427,245	561,050	452,715
	1,902,174	1,748,278	1,431,602	1,248,561
	117,300	117,752	75,155	44,832
	656,545	650,517	547,901	547,901
	15,266	53,117	72,335	41,279
	-	-	-	-
	-	-	-	-
	1,113,063	926,892	736,211	614,549
	1,902,174	1,748,278	1,431,602	1,248,561
	147.4	123.8	50.6	36.3
	262.2	237.5	146.3	132.8
	70.7	76.6	79.3	60.7
	44.5	76.8	58.6	42.1
	25	20	26	51
	102,124	82,395	107,260	202,753



* This figure does not include the special dividend of 170 sen

audit committee report

The Board of Directors of Berjaya Sports Toto Berhad is pleased to present the report of the Audit Committee for the financial year ended 30 April 2006.

AUDIT COMMITTEE MEMBERS AND MEETING ATTENDANCES

The members of the Audit Committee comprises the following:-

Tan Sri Dato' Jaffar Bin Abdul

Chairman/Independent/Non-Executive Director

Datuk Robert Yong Kuen Loke

Non-Independent/Executive Director

Mohamed Saleh Bin Gomu

Independent/Non-Executive Director

The Audit Committee held five (5) meetings during the financial year ended 30 April 2006. The details of attendance of the Audit Committee members are as follows:-

Name	Attendance
Tan Sri Dato' Jaffar Bin Abdul	5/5
Mohamed Saleh Bin Gomu	5/5
Datuk Robert Yong Kuen Loke	4/5

The Deputy General Manager of Internal Audit of Sports Toto Malaysia Sdn Bhd and the Senior General Manager of Group Accounts and Budget were also invited to attend the audit committee meetings. The external auditors were also invited to attend two of these meetings.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 April 2006, the activities undertaken by the Audit Committee included the following:-

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed the external auditors' scope of work and audit plan for the year;
3. Reviewed and discussed the external auditors' audit report and areas of concern in the management letter thereof;
4. Assessed the adequacy and effectiveness of the system of internal control and accounting control procedures and the weaknesses of the Group's principal operating subsidiary by reviewing the various internal audit reports and management's responses thereto and ensuring significant findings are adequately addressed by management;
5. Reviewed the shareholders' circulars in relation to the recurrent related party transactions;
6. Reported to the Board on its activities and significant findings and results.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The primary function of Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Their role is to provide the Committee with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures.

The internal audit function was principally carried out by the Internal Audit Department of Sports Toto Malaysia Sdn Bhd ("STMSB"), the principal operating subsidiary of the Group which is involved in the gaming operations.

During the financial year ended 30 April 2006, the Internal Audit Department carried out various audit assignments on STMSB. The areas audited included branch audit of company's sales offices, audit of Head Office operating departments, IT audit and software testing of on-line gaming systems. Internal audit reports were issued to the Audit Committee and the STMSB management, incorporating audit recommendations and management's responses with regard to any audit findings on the weaknesses in the systems and controls of the operation. The Internal Audit Department also followed up with management on the implementation of the agreed audit recommendations.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Membership

The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom shall be Independent Directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or such other qualifications and experience as approved by Bursa Malaysia Securities Berhad ("BMSB").

A quorum shall consist of two members and a majority of the members present must be Independent Directors.

If a member of the audit committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. Chairman

The Chairman of the Committee shall be an Independent Director appointed by the Board. He shall report on each meeting of the Committee to the Board.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the audit committee and circulating them to the Committee members and to the other members of the Board of Directors.

4. Frequency of Meetings

Meetings shall be held not less than four times a year and will normally be attended by the Director charged with the responsibilities of the Group's finance and Head of Internal Audit. The presence of external auditors will be requested if required and the external auditors may also request a meeting if they consider it necessary.

5. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

The Committee is also authorised to convene meetings with the external auditors excluding the attendance of the executive members of the Committee, wherever deemed necessary.

6. Duties

The duties of the Committee shall be:-

- (a) To review and recommend the appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of person or persons as external auditors;
- (b) To discuss with the external auditors where necessary, on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
- (c) To review the quarterly results and year end financial statements prior to the approval by the Board, focusing on:-
 - going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major judgemental areas
- (d) To prepare Audit Committee Report at the end of each financial year;
- (e) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
- (f) To review the external auditors' management letter and management's response;
- (g) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (h) To do the following in relation to the internal audit function:-
 - review the adequacy of scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - review internal audit programme;
 - ensure coordination of external audit with internal audit;
 - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of the staff of the internal audit function;
 - approve any appointment or termination of senior staff member of the internal audit function;
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation;
 - to monitor related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report;
 - to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors;
- (i) To carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board of Directors from time to time;
- (j) In compliance with Paragraph 15.17 of the Listing Requirements of BMSB, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to BMSB.

statement on corporate governance

The Malaysian Code of Corporate Governance (“Code”) introduced in March 2000, sets out the principles and best practices for compliance by each organisation. Under the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”), listed companies are required to state the extent of such compliance or provide alternative measures in areas where there are deviations from the principles and/or best practices.

The following statement sets out the Group’s compliance with the principles of the Code.

A) DIRECTORS

i) The Board

The Board is primarily responsible for the strategic direction of the Group. The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. For the financial year ended 30 April 2006, the Board met six (6) times. The record of attendance for the Directors who held office during the said financial year is set out below:-

Directors	Attendance
Tan Sri Dato’ Thong Yaw Hong #	6/6
Tan Sri Dato’ Seri Vincent Tan Chee Yioun	4/6
Ng Foo Leong	6/6
Dato’ Robin Tan Yeong Ching	6/6
Datuk Robert Yong Kuen Loke	6/6
Chan Kien Sing	5/6
Freddie Pang Hock Cheng	5/6
Tan Sri Dato’ Jaffar Bin Abdul #	6/6
Mohamed Saleh Bin Gomu #	6/6

- Denotes Independent / Non-Executive Directors

ii) Board Balance

There are presently nine (9) Board members in Berjaya Sports Toto Berhad comprising:-

- The Chairman
- The Chief Executive Officer
- Five Executive Directors
- Two Independent Non-Executive Directors

The qualifications and experience of each of the Director are set out in the Directors’ profile on Page 3 to Page 7 of the Annual Report.

The Board is satisfied with its current composition which comprises a balanced mix of skills, knowledge, technical and management expertise.

There is a clearly accepted division of responsibilities between the Chairman and Chief Executive Officer to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and standards of conduct. He has authority over the agenda for each Board meeting to ensure that all Directors are provided with relevant information on a timely basis. The general agenda may include minutes of previous meetings of the Board and its sub-committees, quarterly financial results of the Group, issues requiring the Board’s deliberation and approval, reports or briefings on operational and financial issues of major subsidiaries and other ad-hoc reportings.

The Chief Executive Officer has overall responsibility for the Group’s business operations, organisational effectiveness and the implementation of Board policies and decisions.

Tan Sri Dato’ Jaffar Bin Abdul has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

iii) Supply of Information

All Directors have full and timely access to information concerning the Company and the Group. Board papers and reports include the Group performance and major operational, financial and corporate information are distributed to the Directors prior to Board Meetings and to enable Directors to obtain further clarifications and/or explanation, where necessary, in order to be properly briefed before the meeting.

All Directors have access to the advice and services of the Company Secretary and the senior Management staff in the Group and may obtain independent professional advice at the Company’s expense in furtherance of their duties.

iv) Appointment to the Board

The Nomination Committee currently comprise the following members:-

Tan Sri Dato’ Jaffar Bin Abdul
Chairman/Senior Independent Director

Tan Sri Dato’ Thong Yaw Hong
Independent/Non-Executive

Mohamed Saleh Bin Gomu
Independent/Non-Executive

The Committee is empowered by its terms of reference and its primary function is to recommend to the Board, candidates for directorships of the Company and its subsidiaries and Directors to fill the seats on Board Committees.

The Committee will review the required mix of skills and experience of the Directors of the Board, in determining the appropriate Board balance and size of the non-executive participation.

v) Directors' Training

All the Directors have attended the Mandatory Accreditation Programme prescribed by BMSB. All the Directors save for Tan Sri Dato' Seri Vincent Tan Chee Yioun have also attended seminars and courses under the Continuing Education Programmes ("CEP") pursuant to the listing requirements of BMSB.

The Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

During the financial year ended 30 April 2006, the Directors had attended a special briefing on the Updates of Financial Reporting Standards and Goods & Services Tax conducted by Ernst & Young.

vi) Re-election of Directors

Any Director appointed during the year is required under the Company's Articles of Association, to retire and seek election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also requires that one-third of the Directors including the Managing Director, if any, to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election once every three years.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

B) DIRECTORS' REMUNERATION

i) Remuneration Committee

The Remuneration Committee currently comprise the following members:-

Tan Sri Dato' Thong Yaw Hong
Chairman/Independent Non-Executive

Tan Sri Dato' Jaffar Bin Abdul
Independent/Non-Executive

Tan Sri Dato' Seri Vincent Tan Chee Yioun
Non-Independent/Executive

The primary functions of the Remuneration Committee is to set up the policy framework and to recommend to the Board on all elements of the remuneration package of the Executive Directors. The determination of remuneration packages of non-executive Directors, including the non-executive Chairman, is a matter for the Board as a whole with the Directors concerned abstaining from deliberation and voting on decision in respect of his individual remuneration.

The fees payable to the Directors will be recommended by the Board for approval by shareholders at the Annual General Meeting.

ii) Details of the Directors' Remuneration

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Company and the Group categorised into appropriate components for the financial year ended 30 April 2006 are as follows:-

	Executive	Non-Executive	Total
	RM'000		
Fees	13	135	148
Benefits-in-kind	80	-	80
Salaries and other emoluments	5,338	368	5,706
Performance Incentive*	10,241	-	10,241
Bonus	1,032	26	1,058
	16,704	529	17,233

The number of Directors of the Company who served during the financial year and whose total remuneration from the Group falling within the respective band are as follows:-

	Number of Directors	
	Executive	Non-Executive
RM1 - RM50,000	-	2
RM400,001 - RM450,000	-	1
RM650,001 - RM700,000	1	-
RM750,001 - RM800,000	1	-
RM800,001 - RM850,000	1	-
RM850,001 - RM900,000	1	-
RM1,700,001 - RM1,750,000	1	-
RM11,800,001 - RM11,850,000*	1	-
	6	3

statement on corporate governance

* The performance incentive is paid to Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") as Managing Director/ Chief Executive Officer of the 100% owned subsidiary, Sports Toto Malaysia Sdn Bhd ("STM") pursuant to the performance incentive scheme that was effective since December 1988. The incentive scheme is calculated at the rate of 2% on the amount of STM's annual audited consolidated net profit before tax and after minority interest that exceeds RM30 million. For the financial year ended 30 April 2006, the total amount paid to TSVT (including contribution to EPF) amounted to RM11.813 million.

C) RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of regular and timely dissemination of information to shareholders and investors of the Company via annual report and financial statements, circulars to shareholders, quarterly financial reports and the various announcements made during the year. These will enable the shareholders, investors and members of the public to have an overview of the Group's performance and operations.

The Group maintains a website at www.berjaya.cc where shareholders as well as members of the public may access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the Bursa Malaysia Securities Berhad website at www.bursamalaysia.com.

The Chief Executive Officer, Executive Directors and senior Management have periodical dialogues and briefings with existing and prospective investors and the analysts to enhance understanding of the Group's objectives and provide insight on the latest developments in the Group.

The Annual General Meeting ("AGM") also provides an opportunity for the shareholders to seek and clarify any issues relevant to the Company. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

D) ACCOUNTABILITY AND AUDIT

i) Financial Reporting

The Directors aim to provide a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual report and quarterly financial statements.

The Directors are also responsible for ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing section.

ii) Statement of Directors' Responsibility in respect of the Financial Statements

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows of the Company and of the Group for that period. In preparing those financial statements, the Directors are required to:-

- (a) select suitable accounting policies and then apply them consistently;
- (b) state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- (c) make judgements and estimates that are reasonable and prudent; and
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

iii) Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. A statement on Internal Control of the Group is set out on Page 23 of the Annual Report.

iv) Relationship with the auditors

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the Group's auditors, both internal and external. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

statement on internal control

The Board of Directors of Berjaya Sports Toto Berhad (“BTOTO” or “the Group”) recognises that it is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. Notwithstanding that, in view of the limitations that are inherent in any system of internal control, the Group’s system can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board’s primary objective and direction in managing the Group’s principal business risks are to enhance the Group’s ability to achieve its business objectives. In order to achieve these objectives, the Board has identified, evaluated and managed the significant risks faced by the Group by monitoring the Group’s performance and profitability at its Board meetings; while the management of the Group as a whole is assigned to the Executive Directors.

The Company has established a Risk Management Committee (“RMC”), formed with the intention to further enhance the Group’s system of internal control and be in line with the Malaysian Code of Corporate Governance. The RMC together with the audit committee are entrusted to ensure more effective and efficient identification, evaluation, management and reporting of the Group’s risks. The members of the RMC are Tan Sri Dato’ Thong Yaw Hong (Chairman), Tan Sri Dato’ Jaffar bin Abdul, Mohamed Saleh bin Gomu, Datuk Robert Yong Kuen Loke and Ng Foo Leong. The RMC terms of reference include, inter alia :

- To ensure that the strategic context of the risk management strategy is complete
- To determine the overall risk management processes
- To establish risk reporting mechanism
- To ensure that the short and long term risk management strategy, framework and methodology are implemented and consistently applied by all business units
- To ensure that risk management processes are integrated into all core business processes
- To ensure alignment and coordination of assurance activity across the organisation
- To act as steering committee for the group wide risk management programme

The various scheduled management meetings and the review of financial and operations reports coupled with the ‘close to operations’ policy employed by the Executive Directors and management present the ideal platform for timely identification of the Group’s risks and systems to manage those risks. The Executive Directors update the Board of any significant matters which require the latter’s attention.

The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group’s system of internal control. The Audit Committee receives assurance reports from both the internal auditors for findings from visits to operating units, and the external auditors on areas for improvement identified during the course of statutory audit. The Board reviews the minutes of the Audit Committee’s meetings. The Reports of the Audit Committee is set out on pages 18 to 19 of the Annual Report.

The management of the Group’s individual operating units is assigned to local management who are accountable for the conduct and performance of their businesses within the agreed business strategy. At Sports Toto Malaysia Sdn Bhd, the Group’s principal subsidiary company, operations are divided into key regions and areas due to dispersed locations of agents’ outlets. Regional and area offices are staffed by experienced personnel to ensure that the operations of outlets are well controlled and in line with the operating procedures.

The key features of BTOTO’s system of internal control include :

- Capable workforce with clear job descriptions, and continuous training efforts
- Clear organisation structure with defined reporting lines
- Formal employee appraisal system which enables appraisal of employees and rewarding employees based on performance
- Succession planning to ensure that key positions in the Group are always held by capable employees who are well aware of the Group’s risks, and operating policies and procedures
- Monitoring mechanisms in the form of financial and operations reports, and scheduled management meetings
- Formal operating and draw procedures which set out the expected standards for operations
- Physical security and systems access controls
- Surprise checks on agents to ensure compliance with the Group’s policies and procedures
- Independent assurance on the system of internal control from regular internal audit visits
- Business Continuity Planning

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

financial statements

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directors' report

for the year ended 30 April 2006

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2006.

PRINCIPAL ACTIVITIES

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

The principal activities of the Group are :

- operations of Toto betting under Section 5 of the Pool Betting Act, 1967;
- leasing of on-line lottery equipment;
- manufacture and distribution of computerised lottery systems;
- property investment and development; and
- investment holding.

There have been no significant changes in the nature of the above principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	467,314	333,752
Minority interests	(2,789)	-
Net profit for the year	<u>464,525</u>	<u>333,752</u>

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

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.

DIVIDENDS

The amount of dividends paid by the Company since 30 April 2005 were as follows :

	RM'000
<u>In respect of the financial year ended 30 April 2005 as reported in the Directors' Report of that year :</u>	
Fourth interim gross dividend of 11 sen per share on 1,133,504,815 ordinary shares with voting rights, less income tax of 28%, paid on 1 June 2005	89,774
<u>In respect of the financial year ended 30 April 2006 :</u>	
First interim gross dividend of 12.5 sen per share on 1,258,728,821 ordinary shares with voting rights, less income tax of 28%, paid on 8 November 2005	113,285
Second interim gross dividend of 12.5 sen per share on 1,256,611,772 ordinary shares with voting rights, less income tax of 28%, paid on 12 January 2006	113,095
Third interim gross dividend of 11 sen per share on 1,277,130,072 ordinary shares with voting rights, less income tax of 28%, paid on 7 April 2006	101,149
	<u>417,303</u>
The Directors approved and declared a fourth interim gross dividend of 15 sen per share on 1,294,730,072 ordinary shares with voting rights, less income tax of 28%, payable on 30 August 2006 in respect of financial year ended 30 April 2006	<u>139,831</u>

The Directors do not recommend any payment of final dividend for the current financial year.

directors' report

for the year ended 30 April 2006

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 :

Tan Sri Dato' Thong Yaw Hong
Tan Sri Dato' Seri Vincent Tan Chee Yioun
Ng Foo Leong
Dato' Robin Tan Yeong Ching
Datuk Robert Yong Kuen Loke
Chan Kien Sing
Freddie Pang Hock Cheng
Tan Sri Dato' Jaffar bin Abdul
Mohamed Saleh bin Gomu

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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 27 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965, except as disclosed in Note 37 to the financial statements.

DIRECTORS' INTERESTS

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

The Company

	Number of ordinary shares of RM1.00 each			
	At 1.5.05	Acquired	Disposed	At 30.4.06 #
Tan Sri Dato' Thong Yaw Hong	538,000	-	-	538,000
	200,000 *	-	-	200,000 *
Tan Sri Dato' Seri Vincent Tan Chee Yioun	59,143,450	4,243,700	4,390,500	58,996,650
	537,761,563 *	88,720,800	7,112,560	619,369,803 *
Ng Foo Leong	2,700,000	700,000	-	3,400,000
Dato' Robin Tan Yeong Ching	662,000	-	-	662,000
Datuk Robert Yong Kuen Loke	1,826,200	-	-	1,826,200
Chan Kien Sing	3,200	-	-	3,200
Freddie Pang Hock Cheng	512,800	-	-	512,800
Tan Sri Dato' Jaffar bin Abdul	103,750	-	-	103,750

As at 30 April 2006, the par value of the ordinary shares in issue has been reduced from RM1.00 each to RM0.50 each after effecting the RM0.50 capital distribution ("First Capital Distribution") on 26 September 2005.

DIRECTORS' INTERESTS (CONT'D)

The Company (cont'd)

	Number of RM1.00 nominal value of 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012			
	At 1.5.05	Acquired	Disposed/ Converted	At 30.4.06
Tan Sri Dato' Seri Vincent Tan Chee Yioun	5,400,001	-	5,400,001	-
	114,878,300 *	1,375,600	116,253,900	-

* Denotes indirect interests

Mohamed Saleh bin Gomu did not have any interest in the shares and debentures over shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES AND SHARE BUYBACK

During the financial year ended 30 April 2006, the Company effected its First Capital Distribution and was subsequently paid on 28 September 2005.

During the financial year and prior to the First Capital Distribution, a total of 130,675,267 new ordinary shares were issued when RM130,675,267 ICULS were converted into shares at the rate of RM1.00 nominal value of ICULS plus RM0.20 in cash for every one fully paid ordinary share. Another 948,739 new ordinary shares of RM1.00 each were issued via the conversion of RM1,138,494 ICULS at the rate of RM1.20 nominal value of ICULS for every one fully paid ordinary share. As at 26 September 2005, the share capital of the Company of RM1,343,728,821 comprising 1,343,728,821 ordinary shares of RM1.00 each was reduced to RM671,864,411 comprising 1,343,728,821 ordinary shares of RM0.50 each.

Following the First Capital Distribution and pursuant to the Company's ICULS Trust Deed, the conversion price of the outstanding ICULS was accordingly adjusted from RM1.20 to RM1.06. Subsequent to the First Capital Distribution, a total of 2,434,421 new ordinary shares of RM0.50 each were issued when RM2,434,421 ICULS were converted into shares at the rate of RM1.00 nominal value of ICULS plus RM0.06 in cash for every one fully paid ordinary share. In addition, another 4,866,830 new ordinary shares of RM0.50 each were issued when RM5,159,716 ICULS were converted into shares at the rate of RM1.06 nominal value of ICULS for every one fully paid ordinary share. The increase in shares issued arising from ICULS conversion (up to 17 November 2005 of which the total ICULS were fully converted) during the year has resulted in an increase in the issued and paid up share capital of the Company to RM675,515,036 (2005 : RM1,212,104,815) comprising 1,351,030,072 ordinary shares of RM0.50 each (2005 : 1,212,104,815 ordinary shares of RM1.00 each) (Note 18).

The Company also bought back 6,400,000 (2005 : 41,500,000) ordinary shares of RM1.00 each for approximately RM27,194,000 (2005 : RM158,310,000) at an average price of RM4.25 (2005 : RM3.81) per share from the open market with internally generated funds before the First Capital Distribution. Subsequently, the Company bought back additional 12,341,600 ordinary shares of RM0.50 each for approximately RM53,972,000 at an average price of RM4.37 per share from the open market with internally generated funds. During the financial year, the Company had also disposed of a total of 41,041,600 treasury shares in the open market for approximately RM183,911,000 realising a net gain on disposal of RM10,104,000.

directors' report

for the year ended 30 April 2006

ISSUE OF SHARES AND SHARE BUYBACK (CONT'D)

The number and amounts of treasury shares held in hand as at 30 April were as follows :

	No. of shares		Amount	
	2006 '000	2005 '000	2006 RM'000	2005 RM'000
Balance as at 1 May	78,600	37,100	373,568	215,258
Increase in treasury shares during the year	-	41,500	-	158,310
Increase in treasury shares during the year before the First Capital Distribution	6,400	-	27,194	-
Reduction of treasury shares par value pursuant to the First Capital Distribution	-	-	(42,500)	-
Balance as at 26 September 2005	85,000	78,600	358,262	373,568
Increase in additional treasury shares after the First Capital Distribution	12,342	-	53,972	-
Total treasury shares before disposal	97,342	78,600	412,234	373,568
Disposal of treasury shares	(41,042)	-	(173,807)	-
Total treasury shares in hand as at 30 April (Note 23)	56,300	78,600	238,427	373,568

As at 30 April 2006, the issued and paid up share capital of the Company with voting rights was 1,294,730,072 ordinary shares of RM0.50 each (2005 : 1,133,504,815 ordinary shares of RM1.00 each).

Subsequent to the financial year end and up to the date of this report, the Company had effected its Second Capital Distribution of RM0.50 each of which RM0.40 from share capital and RM0.10 from share premium account ("Second Capital Distribution") on 6 July 2006. The Second Capital Distribution amounting to RM647,365,036 was paid on 14 July 2006. Consequently, the share capital of the Company of RM675,515,036 comprising 1,351,030,072 ordinary shares of RM0.50 each (including the 56,300,000 treasury shares of RM0.50 each) was reduced to RM135,103,007 comprising 1,351,030,072 ordinary shares of RM0.10 each. The cost of the 56,300,000 treasury shares was reduced by the credit of RM22,520,000 from the reduction of the par value of the treasury shares accordingly pursuant to the Second Capital Distribution.

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

On 5 August 2002, the Company issued RM751,348,605 nominal value of 10-year 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS") at a nominal value of RM1.00 each for the purpose of offering shareholders the opportunity to further invest in the Company at an attractive yield. On 16 November 2005, the ICULS was removed from the Official List of Bursa Malaysia Securities Berhad.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps :
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

- (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 these financial statements inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist :
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability 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 as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as disclosed in Note 40 to the financial statements.

SUBSEQUENT EVENT AFTER BALANCE SHEET DATE

Subsequent event after balance sheet date is disclosed in Note 41 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors

TAN SRI DATO' THONG YAW HONG

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

Kuala Lumpur, Malaysia

19 July 2006

statement by directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, TAN SRI DATO' THONG YAW HONG and TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN, being two of the Directors of BERJAYA SPORTS TOTO BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 32 to 75 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards 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 April 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors

TAN SRI DATO' THONG YAW HONG

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

Kuala Lumpur, Malaysia
19 July 2006

statutory declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, DATUK ROBERT YONG KUEN LOKE, being the Director primarily responsible for the financial management of BERJAYA SPORTS TOTO BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 75 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
DATUK ROBERT YONG KUEN LOKE at Kuala Lumpur
in the Federal Territory on 19 July 2006

}
}
} **Datuk Robert Yong Kuen Loke**

Before me,

SOH AH KAU (W315)

Commissioner for Oaths
Kuala Lumpur, Malaysia

report of the auditors

To The Members Of Berjaya Sports Toto Berhad (Incorporated In Malaysia)

We have audited the financial statements set out on pages 32 to 75. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of :
 - (i) the financial position of the Group and of the Company as at 30 April 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 4 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies 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.

The auditors' reports on the financial statements of the subsidiary companies 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 Companies Act, 1965.

ERNST & YOUNG
AF:0039
Chartered Accountant

Kua Choo Kai
2030/03/08 (J)
Partner

Kuala Lumpur, Malaysia
19 July 2006

balance sheets

as at 30 April 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	76,287	72,777	6,621	244
Subsidiary companies	4	-	-	605,540	605,540
Associated companies	5	319	319	167	167
Long term investments	6	14,629	23,522	-	-
Investment properties	7	48,531	48,041	-	-
Deferred tax assets	8	969	407	-	-
Goodwill on consolidation	9	607,995	609,422	-	-
Long term receivable	11	-	3,393	-	-
		<u>748,730</u>	<u>757,881</u>	<u>612,328</u>	<u>605,951</u>
CURRENT ASSETS					
Inventories	10	14,674	14,337	-	-
Receivables	11	88,723	68,357	5,932	5,864
Tax recoverable		6,185	2,952	3,598	2,952
Amounts due from subsidiary and affiliated companies	12	550,335	693,114	763,484	1,006,074
Short term investments	13	14,689	-	-	-
Deposits with financial institutions	14	626,099	323,182	272,915	147,079
Cash and bank balances		33,643	20,392	3,981	777
		<u>1,334,348</u>	<u>1,122,334</u>	<u>1,049,910</u>	<u>1,162,746</u>
CURRENT LIABILITIES					
Payables	15	219,163	194,974	4,080	14,290
Amounts due to subsidiary and affiliated companies	16	344	1,396	572,644	92,201
Short term borrowings	17	102,500	3,477	-	-
Taxation		1,951	29,552	-	-
		<u>323,958</u>	<u>229,399</u>	<u>576,724</u>	<u>106,491</u>
NET CURRENT ASSETS		<u>1,010,390</u>	<u>892,935</u>	<u>473,186</u>	<u>1,056,255</u>
		<u>1,759,120</u>	<u>1,650,816</u>	<u>1,085,514</u>	<u>1,662,206</u>

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
FINANCED BY:					
Share capital	18	675,515	1,212,105	675,515	1,212,105
Share premium	19	336,904	296,411	336,904	296,411
Exchange reserve	20	9,945	1,519	-	-
ICULS - equity component	21	-	52,296	-	64,570
Retained earnings	22	453,946	441,939	311,305	430,071
Equity funds		1,476,310	2,004,270	1,323,724	2,003,157
Treasury shares	23	(238,427)	(373,568)	(238,427)	(373,568)
Premium over treasury ICULS	21	-	(57,355)	-	-
Net equity funds		1,237,883	1,573,347	1,085,297	1,629,589
Minority interests		10,306	7,429	-	-
		1,248,189	1,580,776	1,085,297	1,629,589
NON-CURRENT LIABILITIES					
Provisions	24	2,269	2,223	-	-
Long term borrowings	17	472,500	-	-	-
Deferred liabilities	25	33,784	32,364	-	-
Deferred tax liabilities	8	2,378	17,059	217	-
ICULS - liability component	21	-	18,394	-	32,617
		510,931	70,040	217	32,617
		1,759,120	1,650,816	1,085,514	1,662,206

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

income statements

for the financial year ended 30 April 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
REVENUE	26	2,938,322	2,670,206	455,178	495,417
COST OF SALES		(2,178,807)	(1,997,143)	-	-
GROSS PROFIT		759,515	673,063	455,178	495,417
Other operating income		4,189	5,353	-	-
Selling and distribution costs		(115,461)	(106,355)	-	-
Administrative and other operating expenses		(122,749)	(102,449)	(5,075)	(4,070)
PROFIT FROM OPERATIONS	27	525,494	469,612	450,103	491,347
Investment related income	28	24,811	-	-	-
Investment related expenses	29	(4,721)	(25,449)	-	(27,687)
Interest income	30	47,179	55,341	40,973	53,219
PROFIT BEFORE FINANCE COSTS		592,763	499,504	491,076	516,879
Finance costs	31	(20,849)	(10,271)	(26,993)	(25,269)
PROFIT AFTER FINANCE COSTS		571,914	489,233	464,083	491,610
Share of results of associated companies		-	(1,736)	-	-
PROFIT BEFORE TAXATION		571,914	487,497	464,083	491,610
Taxation	32	(104,600)	(158,034)	(130,331)	(150,294)
PROFIT AFTER TAXATION		467,314	329,463	333,752	341,316
Minority interests		(2,789)	(1,307)	-	-
NET PROFIT FOR THE YEAR		464,525	328,156	333,752	341,316
NET EARNINGS PER SHARE	33				
- Basic (sen)		37.89	32.58		
- Diluted (sen)		-	29.66		
NET DIVIDENDS PER SHARE (SEN)	34				
- First interim dividend				9.00	7.20
- Second interim dividend				9.00	5.76
- Third interim dividend				7.92	11.52
- Fourth interim dividend				10.80	7.92

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

statement of changes in equity

for the financial year ended 30 April 2006

	Non-distributable				Distributable			Total RM'000
	Share capital RM'000	Treasury shares RM'000	ICULS -equity component RM'000	Premium over ICULS RM'000	Share premium RM'000	Exchange reserve RM'000	Retained earnings RM'000	
GROUP								
As at 1 May 2004	1,037,588	(215,258)	133,134	(57,355)	261,607	(655)	367,374	1,526,435
Issue of shares	174,517	-	-	-	34,804	-	-	209,321
ICULS - equity component (Note 21)	-	-	(80,838)	-	-	-	-	(80,838)
Translation difference of foreign subsidiary companies	-	-	-	-	-	2,174	-	2,174
Net profit for the year	-	-	-	-	-	-	328,156	328,156
Dividends	-	-	-	-	-	-	(253,591)	(253,591)
Treasury shares (Note 23)	-	(158,310)	-	-	-	-	-	(158,310)
As at 30 April 2005	1,212,105	(373,568)	52,296	(57,355)	296,411	1,519	441,939	1,573,347
As at 1 May 2005	1,212,105	(373,568)	52,296	(57,355)	296,411	1,519	441,939	1,573,347
Issue of shares	135,274	-	-	-	30,414	-	-	165,688
Share issuing expenses RM0.50 First Capital Distribution	(671,864)	42,500	-	-	(25)	-	-	(629,364)
ICULS - equity component (Note 21)	-	-	(52,299)	-	-	-	-	(52,299)
Realisation of premium over ICULS bought back arising from disposal	-	-	-	57,355	-	-	-	57,355
Translation difference of foreign subsidiary companies	-	-	-	-	-	8,426	-	8,426
Adjustment for the cost from accumulated extinguished liability component of ICULS resulting from early conversion (Note 21)	-	-	3	-	-	-	(35,215)	(35,212)
Net profit for the year	-	-	-	-	-	-	464,525	464,525
Dividends	-	-	-	-	-	-	(417,303)	(417,303)
Treasury shares (Note 23)	-	(81,166)	-	-	-	-	-	(81,166)
Disposal of treasury shares	-	173,807	-	-	10,104	-	-	183,911
As at 30 April 2006	675,515	(238,427)	-	-	336,904	9,945	453,946	1,237,883

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

statement of changes in equity

for the financial year ended 30 April 2006

	Non-distributable			Distributable		Total RM'000
	Share capital RM'000	Treasury shares RM'000	ICULS -equity component RM'000	Share premium RM'000	Retained earnings RM'000	
COMPANY						
As at 1 May 2004	1,037,588	(215,258)	145,408	261,607	342,346	1,571,691
Issue of shares	174,517	-	-	34,804	-	209,321
ICULS - equity component (Note 21)	-	-	(80,838)	-	-	(80,838)
Net profit for the year	-	-	-	-	341,316	341,316
Dividends	-	-	-	-	(253,591)	(253,591)
Treasury shares (Note 23)	-	(158,310)	-	-	-	(158,310)
As at 30 April 2005	<u>1,212,105</u>	<u>(373,568)</u>	<u>64,570</u>	<u>296,411</u>	<u>430,071</u>	<u>1,629,589</u>
As at 1 May 2005	1,212,105	(373,568)	64,570	296,411	430,071	1,629,589
Issue of shares	135,274	-	-	30,414	-	165,688
Share issuing expenses	-	-	-	(25)	-	(25)
RM0.50 First Capital Distribution	(671,864)	42,500	-	-	-	(629,364)
Adjustment for the cost from accumulated extinguished liability component of ICULS resulting from early conversion (Note 21)	-	-	3	-	(35,215)	(35,212)
ICULS - equity component (Note 21)	-	-	(64,573)	-	-	(64,573)
Net profit for the year	-	-	-	-	333,752	333,752
Dividends	-	-	-	-	(417,303)	(417,303)
Treasury shares (Note 23)	-	(81,166)	-	-	-	(81,166)
Disposal of treasury shares	-	173,807	-	10,104	-	183,911
As at 30 April 2006	<u>675,515</u>	<u>(238,427)</u>	<u>-</u>	<u>336,904</u>	<u>311,305</u>	<u>1,085,297</u>

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

consolidated cash flow statement

for the financial year ended 30 April 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,206,260	2,892,608
Payments to prize winners, suppliers and for other operating expenses	(2,178,411)	(2,020,095)
Payments for pool betting duties, gaming tax and other government contributions	(465,407)	(440,618)
Payment of corporate taxes	(150,434)	(144,085)
Other receipts	151	294
Net cash flow generated from operating activities	412,159	288,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	647	285
Net proceeds from disposal of treasury ICULS	114,005	-
Net proceeds from disposal of other investments	2,906	-
Acquisition of property, plant and equipment	(16,385)	(12,517)
Acquisition of long term investments, including ICULS bought back by a subsidiary company in previous year	(20,649)	(3,474)
Acquisition of investment properties	(660)	(816)
Acquisition of investment in associated companies	-	(152)
Interest received	12,766	6,135
Other receipts arising from investments	550	1,401
Repayment of advances from an affiliated company	176,993	272,524
Repayment of advances from affiliated companies	456	648
Repayment to affiliated companies	(790)	(250)
Net cash flow generated from investing activities	269,839	263,784
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	26,313	36,063
First Capital Distribution	(629,042)	-
Drawdown of bank borrowings	600,000	-
Repayment of borrowings	(28,317)	(1,520)
ICULS interest paid	(4,108)	(27,945)
Bank borrowings interest paid	(14,544)	(220)
Share issuing expenses	(25)	(100)
Dividends paid	(418,650)	(399,957)
Treasury shares acquired	(81,166)	(158,310)
Net proceeds from disposal of treasury shares	183,911	-
Net cash flow used in financing activities	(365,628)	(551,989)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	316,370	(101)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	343,574	343,372
Effects of exchange rate changes	(202)	303
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)	659,742	343,574
Note A Cash and cash equivalents carried forward comprise the following balance sheet amounts :		
Deposits with financial institutions	626,099	323,182
Cash and bank balances	33,643	20,392
	659,742	343,574

Included in the cash and bank balances is an amount of RM1,000 (2005 : Nil) which is held in an Escrow Account for the purpose of a syndicated credit facilities granted to a subsidiary company.

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

cash flow statement

for the financial year ended 30 April 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment for operating expenses	(7,165)	(4,277)
Payment for corporate tax	(3,399)	(12,972)
Dividend received	327,499	356,471
Net cash flow generated from operating activities	316,935	339,222
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6,514)	(181)
Interest received	5,260	1,531
Repayment of advances from an affiliated company	176,993	272,524
Advance from a subsidiary company	458,343	-
Repayment of advances from affiliated company and subsidiary companies	107,544	45,603
Repayment to and advances given to subsidiary companies	(6,118)	(73,115)
Net cash flow generated from investing activities	735,508	246,362
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	26,313	36,063
First Capital Distribution	(629,042)	-
Interest paid	(5,208)	(30,069)
Dividends paid	(418,186)	(398,361)
Share issuing expenses	(25)	(100)
Treasury shares acquired	(81,166)	(158,310)
Net proceeds from disposal of treasury shares	183,911	-
Net cash flow used in financing activities	(923,403)	(550,777)
NET INCREASE IN CASH AND CASH EQUIVALENTS	129,040	34,807
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	147,856	113,049
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)	276,896	147,856
Note A Cash and cash equivalents carried forward comprise the following balance sheet amounts :		
Deposits with financial institutions	272,915	147,079
Cash and bank balances	3,981	777
	276,896	147,856

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

notes to the financial statements

30 April 2006

1 CORPORATE INFORMATION

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

The principal activities of the Group are :

- operations of Toto betting under Section 5 of the Pool Betting Act, 1967;
- leasing of on-line lottery equipment;
- manufacture and distribution of computerised lottery systems;
- property investment and development; and
- investment holding.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. 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 numbers of employees in the Group and in the Company (excluding Directors) at the end of the financial year were 775 (2005 : 783) and 30 (2005 : 22) respectively.

The amounts in the financial statements are stated in Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 19 July 2006.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards.

(b) Basis of consolidation

(i) Subsidiary companies

The consolidated financial statements include the financial statements of the Company and all its subsidiaries, made up to 30 April, using the acquisition method of accounting.

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Under the acquisition method, the assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the acquisition cost and the fair values of the Group's share of net assets of the acquired subsidiary company at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill, as appropriate.

In the preparation of the consolidated financial statements, the financial statements of all companies are adjusted for the material effects of dissimilar accounting policies. Intragroup transactions, balances and unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Minority interests in the consolidated balance sheet consist of the minorities' share of the post-acquisition fair values of the identifiable net assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

notes to the financial statements

30 April 2006

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

(ii) Associated companies

Associated companies are those 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.

Investment in associated companies are accounted for in the consolidated financial statements by equity method of accounting based on the audited or management financial statements of the associated companies.

Under the equity method of accounting, the Group's share of results of associated companies acquired or disposed of during the year, is included in the consolidated income statement from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

The Group's interest in associated companies is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves less impairment losses.

(c) Goodwill

Goodwill on consolidation represents the difference between the purchase price over the fair value of the net assets of the investment in subsidiary and associated companies at the date of acquisition less proportionate amounts written off for subsequent disposals of these investments. Positive goodwill is retained in the consolidated balance sheet at cost less impairment losses. Negative goodwill is shown as a deduction from the positive goodwill on consolidation of the Group.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet while goodwill arising on the acquisition of associated companies is included within the carrying amount of investment in associated companies. Goodwill or negative goodwill is not amortised. Goodwill is reviewed at each balance sheet date and will be written down for impairment when it is considered necessary.

(d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land, long leasehold land with unexpired lease tenure of more than 50 years and capital work-in-progress are not depreciated.

Other property, plant and equipment are depreciated to write-off the cost of each asset on a straight-line basis over their expected useful life, at the following annual rates :

Leasehold land and buildings	Amortised by equal annual instalments over 50 years
Freehold buildings	2%
Computer equipment	10% - 50%
Plant and machinery	20% - 33%
Office equipment	10% - 50%
Furniture and fittings	10% - 50%
Motor vehicles	20% - 25%
Renovations	10% - 25%

During the current financial year, the Company changed the annual depreciation rate for computer equipment from 10% to 20% so as to better reflect their useful lives. The effect on the financial statements of this change is not material.

(e) Investment properties

Investment properties represent freehold and long leasehold land and buildings that are held for investment potential and rental income and are stated at cost less impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Inventories

Inventories that comprise raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost, in the case of work-in-progress and finished goods, comprises raw materials, direct labour and an attributable proportion of production overheads. Cost is determined using the first-in first-out basis, the weighted average cost method, or by specific identification. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

(g) Investments in subsidiary and associated companies

Investment in subsidiary and associated companies are stated at cost less impairment losses.

(h) Income tax

Tax on profit for the year comprises current and deferred tax. Deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of the previous year.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(i) Foreign currencies

(i) Transactions in foreign currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the transaction date or at contracted rates, where applicable. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximately those ruling at that date or at contracted rates, where applicable. Non-monetary items denominated into foreign currencies are translated using the exchange rates existing when the values were determined. All gain and losses arising from foreign currency transactions are dealt with through the income statement.

(ii) Foreign operations

Where the foreign operations are integral to the operations of the Group, the translation principles described above are applied as if the transactions of the foreign operations had been those of the Group.

(iii) Translation of foreign entities

For consolidation purpose, assets including goodwill, liabilities and income statement items of foreign subsidiary companies are translated to Ringgit Malaysia at the exchange rates ruling at the balance sheet date, and at exchange rates at the dates of the transactions with respect to the income statement, except for share capital which is included at historical rates. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of transaction. Exchange differences on translation of the net assets of foreign subsidiary companies are dealt with through an exchange reserve account.

notes to the financial statements

30 April 2006

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Foreign currencies (cont'd)

(iii) Translation of foreign entities (cont'd)

The principal exchange rates used for each respective unit of foreign currencies ruling at the balance sheet date are as follows :

	30.4.2006 RM	30.4.2005 RM
1 United States Dollar	3.6250	3.8000
1 Hong Kong Dollar	0.4675	0.4873
1 Philippine Peso	0.0700	0.0700

(j) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

The Group gives 3 to 12 months warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision for warranties is recognised for all products under warranty at the balance sheet date based on past experience on the level of repairs and returns.

(k) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, deferred tax assets, other long term investments and receivables, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset have decreased.

(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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. The Group and the Company make further contributions to a defined contribution plan run by an independent party for its eligible employees. Such contributions and other retirement benefits insurance plan are recognised as expenses in the income statement as incurred. Retirement benefits for employees of foreign subsidiary companies are accrued for in accordance with the provisions of those foreign countries retirement law and are charged to income statement as incurred.

(m) Research and development costs

Research and development costs are expensed in the period in which they are incurred.

(n) Cash and cash equivalents

Cash comprises cash in hand, at bank and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments

Financial instruments are recognised in the balance sheet when the Group and the Company have become parties to the contractual provisions of the instrument.

(i) Non-current and current investments

Other than investment in subsidiary and associated companies, non-current and current investment that comprise quoted and unquoted securities, Malaysian Government Securities and club memberships are stated at cost less provision for permanent diminution in value. Such provision is made when there is a decline, other than temporary, in value of investments and it is recognised as an expense in the period in which the decline occurred.

(ii) Receivables

Trade and other receivables are carried at anticipated realisable value. All known bad debts are written off while doubtful debts are provided for, based on estimates of possible losses that may arise from non-collection.

(iii) Payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-bearing borrowings

Interest-bearing bank loans are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs are capitalised as part of development cost of the properties during the period when planning, development and construction activities are carried out. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale. Borrowing costs are capitalised based on the average interest rate of borrowings.

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

(v) Equity instruments

Ordinary shares are classified as equity.

Shares bought back are held as treasury shares and presented as a deduction from equity fund. Treasury shares are accounted for on the cost method. Should such shares be cancelled, their nominal amounts will be eliminated, and the differences between the cost and nominal amounts will be taken to reserves as appropriate. No gain or loss is recognised in the income statement on the sale, reissuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

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

(vi) ICULS

ICULS are regarded as compound instruments consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible borrowings. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in Equity Funds. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption whilst the value of the equity component is not adjusted in subsequent periods except in times of ICULS conversion into ordinary shares.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible borrowings. The difference between this amount and the interest paid is added to the carrying value of the ICULS.

(p) Operating leases

Operating leases are leases other than finance leases. Rental paid under operating leases is charged to the income statement.

notes to the financial statements

30 April 2006

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition

(i) Gaming activities

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

(ii) Investment income

Dividend income from subsidiary and associated companies are recognised when the right to receive the dividend payment is established.

Dividend income from other investments is recognised on receipt basis.

(iii) Lottery equipment lease rental

Revenue from the lease of lottery equipment is recognised based on certain percentage of gross receipts from lottery ticket sales.

(iv) Rental and interest income

Rental and interest income are recognised on the accrual basis unless collectability is in doubt. For the property development companies, rental and interest income are recognised on a receipt basis if collectability is in doubt.

(v) Lottery products sales and services income

Revenue from lottery products sales and services income are recognised on the basis of shipment of products, performance of services and percentage-of-completion method for long term contracts. The percentage-of-completion is estimated by comparing the cost incurred to date against the estimated cost to completion. Revenue relating to the sale of certain assets, when the ultimate total collection is not reasonably assured, are being recorded under the cost recovery method.

(vi) Development properties

Revenue from sale of completed properties is recognised when the significant risks and rewards of ownership of the completed properties have been passed to the buyer.

(vii) Other income

Other than those mentioned above, all other income are recognised on accrual basis.

(r) Segmental reporting

The Group adopts business segment analysis as its primary reporting format and geographical segment analysis as its secondary reporting format.

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.

Revenue presented under geographical segments are based on location of customer where sale is transacted.

Segment assets include all operating assets used by a segment and do not include items arising on investing or financing activities. Assets are allocated to a segment based on location of assets for that presented under geographical segments. Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

3 PROPERTY, PLANT AND EQUIPMENT

Group

Group	Net book value as at	Additions	Disposals	Write-Off	Reclassifications	Transalation	Depre- ciation	Net book value as at
	1 May 2005					exchange differences		30 April 2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land and buildings	5,094	-	-	-	-	-	(123)	4,971
Long leasehold land	2,790	-	-	-	-	-	-	2,790
Long leasehold land and buildings	967	-	(283)	-	-	(162)	(23)	499
Plant and machinery	297	65	-	-	-	(17)	(149)	196
Computer equipment	45,077	776	(55)	-	355	(7)	(6,543)	39,603
Office equipment	2,398	369	-	(54)	-	(15)	(477)	2,221
Furniture and fittings	675	3,793	-	-	-	(9)	(130)	4,329
Motor vehicles	11,105	7,761	(157)	-	-	3	(4,089)	14,623
Renovations	4,374	2,628	-	-	-	(3)	(582)	6,417
Capital work-in-progress	-	993	-	-	(355)	-	-	638
	<u>72,777</u>	<u>16,385</u>	<u>(495)</u>	<u>(54)</u>	<u>-</u>	<u>(210)</u>	<u>(12,116)</u>	<u>76,287</u>

	Cost	Accumulated		Net book value
		Accumulated depreciation	Impairment losses	
	RM'000	RM'000	RM'000	RM'000
As at 30 April 2006				
Freehold land and buildings	6,171	(1,200)	-	4,971
Long leasehold land	2,845	(24)	(31)	2,790
Long leasehold land and buildings	641	(142)	-	499
Plant and machinery	3,281	(3,085)	-	196
Computer equipment	98,848	(59,245)	-	39,603
Office equipment	7,899	(5,678)	-	2,221
Furniture and fittings	5,352	(1,023)	-	4,329
Motor vehicles	33,152	(18,529)	-	14,623
Renovations	9,132	(2,715)	-	6,417
Capital work-in-progress	638	-	-	638
	<u>167,959</u>	<u>(91,641)</u>	<u>(31)</u>	<u>76,287</u>
As at 30 April 2005				
Freehold land and buildings	6,171	(1,077)	-	5,094
Long leasehold land	2,845	(24)	(31)	2,790
Long leasehold land and buildings	1,390	(280)	(143)	967
Plant and machinery	3,371	(3,074)	-	297
Computer equipment	99,634	(54,557)	-	45,077
Office equipment	8,236	(5,838)	-	2,398
Furniture and fittings	1,696	(1,021)	-	675
Motor vehicles	26,644	(15,539)	-	11,105
Renovations	6,619	(2,245)	-	4,374
Capital work-in-progress	-	-	-	-
	<u>156,606</u>	<u>(83,655)</u>	<u>(174)</u>	<u>72,777</u>

notes to the financial statements

30 April 2006

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The long leasehold land and buildings comprise leasehold interest with an unexpired term in excess of 50 years.

The title of the freehold land and building of a subsidiary company with a carrying amount of RM417,000 (2005 : RM428,000) is in the process of being transferred to the subsidiary company.

Company

	Net book value as at 1 May 2005 RM'000	Additions RM'000	Depreciation RM'000	Net book value as at 30 April 2006 RM'000
Computer equipment	92	293	(45)	340
Office equipment	6	85	(5)	86
Furniture and fittings	4	3,761	(33)	3,732
Motor vehicles	142	-	(34)	108
Renovations	-	2,375	(20)	2,355
	244	6,514	(137)	6,621

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
As at 30 April 2006			
Computer equipment	453	(113)	340
Office equipment	139	(53)	86
Furniture and fittings	3,774	(42)	3,732
Motor vehicles	172	(64)	108
Renovations	2,375	(20)	2,355
	6,913	(292)	6,621

As at 30 April 2005

Computer equipment	160	(68)	92
Office equipment	54	(48)	6
Furniture and fittings	13	(9)	4
Motor vehicles	172	(30)	142
Renovations	-	-	-
	399	(155)	244

4 SUBSIDIARY COMPANIES

	Company	
	2006 RM'000	2005 RM'000
Unquoted shares, at cost less write down	654,616	654,616
Less : Accumulated impairment losses	(49,076)	(49,076)
	605,540	605,540

4 SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows :

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			2006 %	2005 %
Subsidiary companies of Berjaya Sports Toto Berhad				
FEAB Properties Sdn Bhd	Malaysia	Property investment and development and investment holding	100	100
FEAB Land Sdn Bhd	Malaysia	Property development	100	100
FEAB Equities Sdn Bhd	Malaysia	Dormant	100	100
Berjaya Wellesley Hotel Sdn Bhd	Malaysia	Dormant	100	100
STM Resort Sdn Bhd	Malaysia	Property investment	100	100
Sports Toto Malaysia Sdn Bhd	Malaysia	Toto betting operations	100	100
Magna Mahsuri Sdn Bhd	Malaysia	Property investment	100	100
Berjaya Sports Toto (Cayman) Limited	Cayman Islands	Investment holding	100	100
Subsidiary company of FEAB Land Sdn Bhd				
FEAB Realty Sdn Bhd	Malaysia	Dormant	100	100
Subsidiary companies of Sports Toto Malaysia Sdn Bhd				
Sports Toto Products Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Apparel Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Computer Sdn Bhd	Malaysia	Dormant	100	100
Subsidiary company of Berjaya Sports Toto (Cayman) Limited				
Berjaya Lottery Management (HK) Limited *	Hong Kong	Investment holding	83.7	83.7
Subsidiary companies of Berjaya Lottery Management (HK) Limited				
Prime Gaming Philippines, Inc.*	Philippines	Investment holding	70.01	70.01
International Lottery & Totalizator Systems, Inc. *	United States of America	Manufacturer and distributor of computerised lottery systems	71.43	71.43

notes to the financial statements

30 April 2006

4 SUBSIDIARY COMPANIES (CONT'D)

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2006 %	2005 %
Subsidiary company of Prime Gaming Philippines, Inc				
Philippine Gaming Management Corporation *	Philippines	Leasing of on-line lottery equipment	100	100
Subsidiary companies of International Lottery & Totalizator Systems, Inc.				
International Lottery & Totalizator Systems Australia Pty. Ltd. *	Australia	Dormant	100	100
ILTS.Com, Inc *	United States of America	Dormant	100	100
Unisyn Solutions, Inc. * #	United States of America	Dormant	100	-
International Totalizator Systems, Inc. * #	United States of America	Dormant	100	-

* Audited by firms of auditors other than Ernst & Young

The incorporations of these subsidiaries do not have any material effect on the financial position and results of the Group.

5 ASSOCIATED COMPANIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unquoted shares, at cost less write down	7,580	7,580	167	167
Less : Share of post-acquisition losses	(3,905)	(3,905)	-	-
	3,675	3,675	167	167
Less : Impairment loss	(3,356)	(3,356)	-	-
	319	319	167	167

The Group's interest in the associated companies are analysed as follows :

	Group	
	2006 RM'000	2005 RM'000
Share of net tangible assets	290	290
Premium on acquisition	29	29
	319	319

5 ASSOCIATED COMPANIES (CONT'D)

Details of the associated companies are as follows :

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			<u>2006</u> %	<u>2005</u> %
Associated company of Berjaya Sports Toto Berhad				
Berjaya Racing Management Sdn Bhd	Malaysia	Dormant	20	20
Associated company of Berjaya Sports Toto (Cayman) Limited				
Suncoast Limited *	British Virgin Islands	Dormant	48	48
Associated company of FEAB Properties Sdn Bhd				
Cashsystems Asia Technology Sdn Bhd *	Malaysia	Research and development of multiple banknote authentication technology based devices	30	30
Associated company of Prime Gaming Philippines, Inc.				
PGMC Marketing Corporation *	Philippines	Dormant	35	35

* Audited by firms of auditors other than Ernst & Young

6 LONG TERM INVESTMENTS

	<u>Group</u>	
	<u>2006</u> <u>RM'000</u>	<u>2005</u> <u>RM'000</u>
At cost less write down :		
Quoted shares - in Malaysia	16,362	28,164
- outside Malaysia	1,820	1,820
Quoted loan stocks in Malaysia	91	570
Unquoted shares	433	433
Unquoted loan stocks	696	696
	19,402	31,683
At cost less amortisation :		
Malaysian Government Securities	3,427	3,427
Less : Cumulative amortisation of premium	(280)	(223)
	3,147	3,204
Club memberships	22,549	34,887
	628	628
Subtotal carried forward	23,177	35,515

8 DEFERRED TAX (ASSETS) / LIABILITIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 May	16,652	11,646	-	-
Recognised in the income statement (Note 32)	(15,243)	5,006	217	-
At 30 April	1,409	16,652	217	-
Presented after appropriate offsetting as follows :				
Deferred tax assets	(969)	(407)	-	-
Deferred tax liabilities	2,378	17,059	217	-
	1,409	16,652	217	-

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

Deferred Tax Assets of the Group :

	Recognised in the income		
	At 1 May RM'000	statement RM'000	At 30 April RM'000
2006			
Retirement cost obligation	270	45	315
Accrued management fees	133	403	536
Unrealised foreign exchange	4	115	119
Payables	398	16,528	16,926
Tax losses and unabsorbed capital allowances	74	120	194
	879	17,211	18,090
Less : set off against deferred tax liabilities			(17,121)
			969
2005			
Retirement cost obligation	189	81	270
Accrued management fees	102	31	133
Unrealised foreign exchange	(48)	52	4
Payables	-	398	398
Tax losses and unabsorbed capital allowances	-	74	74
	243	636	879
Less : set off against deferred tax liabilities			(472)
			407

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8 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

Deferred Tax Liabilities of the Group :

<u>2006</u>	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
Accelerated capital allowances	16,332	1,032	17,364
Receivables	1,156	936	2,092
Inventories	43	-	43
	<u>17,531</u>	<u>1,968</u>	19,499
Less : set-off against deferred tax assets			(17,121)
			<u>2,378</u>

2005

Accelerated capital allowances	11,889	4,443	16,332
Receivables	-	1,156	1,156
Inventories	-	43	43
	<u>11,889</u>	<u>5,642</u>	17,531
Less : set-off against deferred tax assets			(472)
			<u>17,059</u>

Deferred Tax Liability of the Company :

<u>2006</u>	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
Deferred tax assets :			
- Other payables	5	3	8
- Unabsorbed capital allowances	25	121	146
	<u>30</u>	<u>124</u>	154
Less : set off against deferred tax liability			(154)
			<u>-</u>
Deferred tax liability :			
- Accelerated capital allowances	30	341	371
Less : set-off against deferred tax assets			(154)
			<u>217</u>

8 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

Deferred Tax of the Company (cont'd)

<u>2005</u>	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
Deferred tax assets :			
- Other payables	5	-	5
- Unabsorbed capital allowances	15	10	25
	<u>20</u>	<u>10</u>	<u>30</u>
Less : set off against deferred tax liability			(30)
			<u>-</u>
Deferred tax liability :			
- Accelerated capital allowances	20	10	30
Less : set-off against deferred tax assets			(30)
			<u>-</u>

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unutilised tax losses - Malaysian income tax	10,313	27,551	-	17,277
- foreign tax	48,154	41,002	-	-
Unabsorbed capital allowances	159	593	-	435
	<u>58,626</u>	<u>69,146</u>	<u>-</u>	<u>17,712</u>

Subject to agreement by the Inland Revenue Board, Malaysian unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future business profits of a company provided there is no substantial change in the ownership of the shares of the company. The foreign unutilised tax losses is applicable to a foreign subsidiary company which is pre-determined by the tax legislations of that country.

During the financial year, the unabsorbed losses of RM17,277,000 have been utilised to set-off against the total business income in accordance with the special provision to Section 60FA of the Income Tax Act, 1967.

9 GOODWILL ON CONSOLIDATION

	Group	
	2006 RM'000	2005 RM'000
At carrying amount :		
At 1 May	609,422	619,768
Less : Impairment losses	-	(11,000)
Translation exchange differences	(1,427)	654
	<u>607,995</u>	<u>609,422</u>
At 30 April	607,995	609,422

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10 INVENTORIES

	Group	
	2006 RM'000	2005 RM'000
At cost :		
Gaming equipment components and parts	1,798	970
Ticket inventories	1,931	2,408
Finished goods and inventories for resale	689	566
Work-in-progress	189	467
Completed properties	1,251	1,251
	5,858	5,662
At net realisable value :		
Raw materials	8,816	8,675
	14,674	14,337

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM17,256,000 (2005 : RM29,563,000).

In the previous financial year, the Group wrote-off of inventories of completed properties amounting to RM340,000 which were destroyed and damaged by fire. The amount has been recovered from an insurance company subsequent to the financial year ended 30 April 2006.

In the previous financial year, the Group wrote back RM110,000 of obsolete inventories.

11 RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables	44,374	27,470	-	-
Other receivables	16,714	16,767	5,795	5,777
Prepayments	25,647	22,508	41	1
Deposits	1,988	1,612	96	86
	88,723	68,357	5,932	5,864

The Group's normal trade credit term ranges from 1 to 30 days except for a trade contract of a subsidiary company amounting to RM4,105,000 (2005 : RM7,980,000) of which the repayment is on instalment basis. In the previous financial year, an amount of RM3,393,000 related to the trade contract of a subsidiary company was classified as long term receivable.

Included in other receivables of the Group are amounts receivable from sale of long term investments in prior years, and guarantee fees receivable from affiliated companies amounting to RM3,310,000 (2005 : RM3,323,000).

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors other than the following :

- a trade debtor of a foreign subsidiary company that constitutes 9% (2005 : 26%) of the Group's trade receivables; and
- an amount due from a single debtor which constitutes 55% (2005 : 55%) of the Group's other receivables.

12 AMOUNTS DUE FROM SUBSIDIARY AND AFFILIATED COMPANIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Amounts due from:				
Affiliated companies	550,335	693,114	550,309	692,923
Subsidiary companies	-	-	213,175	313,151
	<u>550,335</u>	<u>693,114</u>	<u>763,484</u>	<u>1,006,074</u>

Affiliated companies in these financial statements refer to companies in the Berjaya Corporation Berhad's group (other than the subsidiary companies of the Company). Berjaya Corporation Berhad ("BCB") which assumed the listing status of Berjaya Group Berhad (BGB) during the financial year following the completion of BGB's voluntary scheme of arrangement pursuant to Section 176 of the Companies Act, 1965 is an indirect substantial shareholder of the Company. The balances due from affiliated companies are unsecured, have no fixed terms of repayment and bear interest at an average rate of 2% (2005 : 2%) per annum above the average one year fixed deposit rate of a major licensed bank. Berjaya Land Berhad ("BLB"), a related company of BCB, has provided a written undertaking dated 23 January 2002 to the Company to settle the outstanding advances within three years from the date of issue of the Company's ICULS on 5 August 2002. BLB undertakes to settle these advances by cash derived principally from dealing in the ICULS held by the BLB group. On 10 August 2005, the Company has received a letter from BLB requesting for the extension of time for settlement of inter-company advances to 4 August 2006 and the Board of Directors of the Company has agreed to the proposed extension.

The balances with subsidiary companies are unsecured, interest bearing and have no fixed terms of repayment.

13 SHORT TERM INVESTMENTS

	Group	
	2006 RM'000	2005 RM'000
Shares quoted outside Malaysia, at carrying amount	14,689	-
Market value of quoted shares	<u>14,689</u>	<u>-</u>

The short term investments which comprised AAA-rated preferred shares and mutual fund shares, earning dividends at a rate that is fixed for a period of 7 days, are invested by a foreign subsidiary company.

14 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
These comprise term deposits with :				
Licensed banks	255,148	142,075	210,602	107,018
Licensed finance companies	308,638	141,046	-	-
Other financial institutions	62,313	40,061	62,313	40,061
	<u>626,099</u>	<u>323,182</u>	<u>272,915</u>	<u>147,079</u>

Included in the Group's deposits with financial institutions is an amount of RM102,000 (2005 : RM82,000) which is pledged to a bank for facilities granted to a subsidiary company.

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14 DEPOSITS WITH FINANCIAL INSTITUTIONS (CONT'D)

The weighted average effective interest rates of deposits at the balance sheet date were as follows :

	Group		Company	
	2006	2005	2006	2005
Licensed banks	3.13%	2.57%	3.16%	2.35%
Licensed finance companies	3.20%	2.72%	-	-
Other financial institutions	3.16%	2.65%	3.16%	2.65%

The average maturities of deposits as at the end of the financial year were as follows :

	Group		Company	
	2006	2005	2006	2005
Licensed banks	19 days	10 days	7 days	5 days
Licensed finance companies	74 days	37 days	-	-
Other financial institutions	7 days	7 days	7 days	7 days

15 PAYABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade payables	49,382	34,566	-	-
Pool betting duty payables	19,623	13,803	-	-
Other payables	2,006	4,601	1,546	195
Dividend payables	2,203	3,086	2,203	3,086
Accruals	145,949	131,007	331	3,098
ICULS liability component (Note 21)	-	7,911	-	7,911
	<u>219,163</u>	<u>194,974</u>	<u>4,080</u>	<u>14,290</u>

Included in accruals of the Group are accrued contribution to the National Sports Council and provision for gaming tax payable to the Minister of Finance.

The normal trade credit terms granted to the Group ranges from 30 to 180 days.

16 AMOUNTS DUE TO SUBSIDIARY AND AFFILIATED COMPANIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Amounts due to :				
Subsidiary companies	-	-	572,322	91,976
Affiliated companies	344	1,396	322	225
	<u>344</u>	<u>1,396</u>	<u>572,644</u>	<u>92,201</u>

The affiliated companies are as defined in Note 12.

Amounts owing to affiliated companies are unsecured, non-interest bearing and have no fixed terms of repayment.

The amounts due to subsidiary companies are unsecured, interest bearing and have no fixed terms of repayment.

17 BANK BORROWINGS

	Group	
	2006 RM'000	2005 RM'000
Short Term Borrowings :		
Secured term loan - Floating rates	-	3,477
Unsecured term loan		
- Fixed rates	25,625	-
- Floating rates	76,875	-
	102,500	3,477
Long Term Borrowings :		
Unsecured term loan		
- Fixed rates	118,125	-
- Floating rates	354,375	-
	472,500	-
Total Borrowings		
Secured term loan - Floating rates	-	3,477
Unsecured term loan		
- Fixed rates	143,750	-
- Floating rates	431,250	-
	575,000	3,477

The weighted average effective interest rates at balance sheet date for borrowings were as follows:

	Group	
	2006	2005
Secured term loan - Floating rates	-	5.49%
Unsecured term loan		
- Fixed rates	4.92%	-
- Floating rates	5.30%	-

The secured term loan facility was secured by certain quoted shares belonging to an affiliated company and this term loan was fully settled during the financial year.

The Company provided a corporate guarantee to financial institutions for the unsecured term loan granted to one of the subsidiary company as disclosed in Note 35.

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18 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2006 Units '000	2005 Units '000	2006 RM'000	2005 RM'000
Authorised:				
At 1 May (par value of RM1.00 each)	2,000,000	2,000,000	2,000,000	2,000,000
Effect of First Capital Distribution	2,000,000	-	-	-
At 30 April (par value of RM0.50 each / RM1.00 each)	4,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid:				
At 1 May	1,212,105	1,037,588	1,212,105	1,037,588
Issued pursuant to conversion of ICULS	131,624	174,517	131,624	174,517
First Capital Distribution	-	-	(671,864)	-
Issued pursuant to conversion of ICULS after First Capital Distribution	7,301	-	3,650	-
At 30 April	1,351,030	1,212,105	675,515	1,212,105

The number of issued and fully paid shares with voting rights as at 30 April are as follows :

	Number of ordinary shares	
	2006 Units '000	2005 Units '000
Total number of issued and paid up ordinary shares	1,351,030	1,212,105
Less : Ordinary shares held as treasury shares (Note 23)	(56,300)	(78,600)
	1,294,730	1,133,505

19 SHARE PREMIUM

	Group and Company	
	2006 RM'000	2005 RM'000
<u>Non-distributable</u>		
At 1 May	296,411	261,607
Conversion of ICULS	30,414	34,904
Gain on disposal of treasury shares	10,104	-
Less : Share issuing expenses	(25)	(100)
At 30 April	336,904	296,411

20 EXCHANGE RESERVE

	Group	
	2006 RM'000	2005 RM'000
<u>Non-distributable</u>		
At 1 May	1,519	(655)
Current year translation of net assets in foreign subsidiary companies	8,426	2,174
At 30 April	9,945	1,519

21 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

On 5 August 2002, the Company issued RM751,348,605 nominal value of 10-year 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS") at a nominal value of RM1.00 each for the purpose of offering shareholders the opportunity to further invest in the Company at an attractive yield.

The ICULS were compound instruments and therefore the nominal value of RM751,348,605 were segregated as equity and liability components of RM348,019,782 and RM403,328,823 respectively upon issuance.

Pursuant to the resolution included in the Circular to shareholders dated 5 April 2002, the Company obtained the necessary approval for the purchase of ICULS by the Company or any of its wholly-owned subsidiary companies up to an amount not exceeding RM1.2 billion. Previously, a wholly-owned subsidiary of the Company purchased a cumulative of RM27,873,100 (2005 : RM26,497,500) nominal value of ICULS from the open market for a total consideration of approximately RM89,726,000 (2005 : RM83,852,000). The wholly-owned subsidiary company has then disposed of the entire RM27,873,100 nominal value of ICULS acquired for a total cash consideration of RM116 million via placements on 22 and 25 July 2005 which registered a net gain on disposal of approximately RM24.3 million.

The movements of the ICULS during the year are as follows :

	Equity component RM'000	Liability component RM'000	Total RM'000
Group			
Balance as at 1 May 2004	133,134	130,409	263,543
Conversion of ICULS into ordinary shares	(80,838)	(93,683)	(174,521)
Extinguished during the year	-	(10,421)	(10,421)
Balance as at 30 April 2005	52,296	26,305	78,601
Conversion of ICULS into ordinary shares	(64,573)	(74,835)	(139,408)
ICULS bought back by a subsidiary	(637)	(739)	(1,376)
Extinguished during the year	-	(905)	(905)
Reversal of components in relation to ICULS bought back by a subsidiary upon disposal	12,911	14,962	27,873
Adjustment for the cost from accumulated extinguished liability component of ICULS resulting from early conversion	3	35,212	35,215
Balance as at 30 April 2006	-	-	-

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21 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)

	Equity component RM'000	Liability component RM'000	Total RM'000
Company			
Balance as at 1 May 2004	145,408	144,632	290,040
Conversion of ICULS into ordinary shares	(80,838)	(93,683)	(174,521)
Extinguished during the year	-	(10,421)	(10,421)
Balance as at 30 April 2005	64,570	40,528	105,098
Conversion of ICULS into ordinary shares	(64,573)	(74,835)	(139,408)
Extinguished during the year	-	(905)	(905)
Adjustment for the cost from accumulated extinguished liability component of ICULS resulting from early conversion	3	35,212	35,215
Balance as at 30 April 2006	-	-	-

The outstanding ICULS at Company level were as follows :

	Company	
	2006 RM'000	2005 RM'000
Equity component	-	64,570
Liability component	-	40,528
	-	105,098
Accumulated liability component of ICULS extinguished	-	34,310
Total nominal value of ICULS outstanding at 30 April	-	139,408

The liability component can be further analysed as follows :

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Payable within next 12 months and classified under other payables (Note 15)	-	7,911	-	7,911
Payable after 12 months	-	18,394	-	32,617
	-	26,305	-	40,528

On 16 November 2005, the ICULS was removed from the Official List of Bursa Malaysia Securities Berhad.

22 RETAINED EARNINGS

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account balance under the Income Tax (Amendment) Act, 1999 to frank the payment of dividends out of its entire retained earnings. The Section 108 tax credits and tax exempt account balance are approximately RM128,726,000 (2005 : RM225,957,000) and RM91,871,000 (2005 : RM91,871,000) respectively as at balance sheet date.

23 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2006 Units '000	2005 Units '000	2006 RM'000	2005 RM'000
At 1 May	78,600	37,100	373,568	215,258
Shares bought back during the year	18,742	41,500	81,166	158,310
Reduction of treasury shares par value pursuant to the First Capital Distribution	-	-	(42,500)	-
Disposal during the year	(41,042)	-	(173,807)	-
At 30 April	56,300	78,600	238,427	373,568

The renewal of the Company's plan and mandate relating to the share buy back was approved by the shareholders of the Company on 19 October 2005 granting the Directors of the Company the authority to buy back its own shares up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buyback can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company bought back 18,741,600 (2005 : 41,500,000) shares from the open market at an average price of RM4.33 (2005 : RM3.81) for approximately RM81,166,000 (2005 : RM158,310,000) with internally generated funds. The cumulative shares bought back are held as treasury shares with none of the shares being cancelled or distribution of treasury shares during the financial year. A total of 41,041,600 treasury shares were sold through the open market during the financial year for an aggregate net proceeds of RM183,911,000. The net gain recognised to share premium account amounted to RM10,104,000.

The details of the shares bought back during the financial year are as follows :

Month	Price per share			Number of shares '000	Total consideration RM'000
	Lowest	Highest	Average		
June 2005	4.17	4.19	4.19	3,900	16,361
July 2005	4.27	4.36	4.33	2,500	10,833
October 2005	4.11	4.13	4.13	* 6,400	27,194
November 2005	4.25	4.33	4.31	605	2,499
December 2005	4.23	4.50	4.39	2,594	11,172
January 2006	4.42	4.58	4.49	7,429	32,599
				1,714	7,702
				18,742	81,166

* Total numbers of shares bought back prior to First Capital Distribution whereby the par value of shares was at RM1.00.

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24 PROVISIONS

	Group	
	2006 RM'000	2005 RM'000
Retirement benefits		
At 1 May	771	588
Additional provision during the year	181	285
Exchange differences	(57)	(102)
At 30 April	895	771
Sales warranty		
At 1 May	1,452	1,270
Additional provision during the year	22	782
Incurred during the year	(33)	(528)
Exchange differences	(67)	(72)
At 30 April	1,374	1,452
Total	2,269	2,223

25 DEFERRED LIABILITIES

	Group	
	2006 RM'000	2005 RM'000
Agency deposits	33,784	32,364

Agency deposits represent deposits obtained from agents for operating toto betting outlets. These deposits are refundable upon termination of operation contracts.

26 REVENUE

Revenue of the Company represents management fees charged to subsidiary companies and gross dividends receivable from subsidiary companies, associated companies and long term investments.

Revenue of the Group comprises gross stake collections from the sale of toto betting tickets less gaming tax, lease rental income from lease of on-line gaming equipment, invoiced and shipped value of goods sold less returns and trade discounts, invoiced value of services rendered and the sale of completed houses and land from inventory. Intra-group transactions are excluded.

Revenue of the Group and the Company analysed into significant categories are as follows :

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Dividend income from subsidiary companies	-	-	454,860	495,099
Management fee income	-	-	318	318
Toto betting operations	2,933,942	2,654,850	-	-
Sale of lottery systems and spare parts	4,380	14,549	-	-
Sale of completed properties	-	807	-	-
	2,938,322	2,670,206	455,178	495,417

27 PROFIT FROM OPERATIONS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit from operations is stated after charging :				
Auditors' remuneration				
- statutory audit :				
auditors of the Company				
- current year	122	116	40	37
- under provision in previous year	10	8	3	3
other auditors				
- current year	330	314	-	-
- (over)/under provision in previous year	(6)	34	-	-
- other services				
- auditors of the Company	54	28	26	28
- other auditors	167	160	-	-
Depreciation of property, plant and equipment	12,116	14,371	137	42
Directors' remuneration				
- fees	260	283	135	135
- salaries and other emoluments	6,382	5,496	15	12
- performance incentive	10,241	9,236	-	-
- bonus	1,058	719	-	-
Management fees payable to affiliated companies	720	720	720	720
Rent of premises	6,804	6,530	745	708
Rent of equipment	1,001	1,036	-	-
Contribution to National Sports Council	60,170	54,626	-	-
Bad debts written off	67	566	-	-
Research and development costs	3,648	5,886	-	-
Loss on foreign exchange - realised	82	95	-	-
- unrealised	11,933	57	-	-
Amortisation of premium on				
Malaysian Government Securities	57	57	-	-
Inventory written off	-	340	-	-
Provision for inventory obsolescence	-	384	-	-
Property, plant and equipment written off	54	4,868	-	-
And crediting :				
Management fees receivable				
from subsidiary companies	-	-	318	318
Insurance claim	60	340	-	-
Gain on disposal of property, plant and equipment	152	159	-	-
Rental income	3,333	3,506	-	-
Net reversal of impairment losses on				
property, plant and equipment	-	121	-	-
Write back of provision for inventory obsolescence	-	110	-	-
Gain on foreign exchange - realised	49	258	-	-
- unrealised	-	42	-	-
Employee information (Note b) :				
Staff costs (excluding directors)	56,717	52,366	873	856

The estimated monetary value of benefits-in-kind received by the Directors is RM80,000 (2005 : RM76,000) for the Group.

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27 PROFIT FROM OPERATIONS (CONT'D)

(a) Directors' remuneration

The aggregate Directors' remuneration for Directors of the Company received from the Group and the Company are as follows :

	Fees RM'000	Benefits- in-kind RM'000	Salaries and other emoluments RM'000	Performance incentive RM'000	Bonus RM'000	Total RM'000
2006						
Executive	13	80	5,338	10,241	1,032	16,704
Non-executive	135	-	368	-	26	529
	<u>148</u>	<u>80</u>	<u>5,706</u>	<u>10,241</u>	<u>1,058</u>	<u>17,233</u>
2005						
Executive	53	76	4,359	9,236	693	14,417
Non-executive	135	-	353	-	26	514
	<u>188</u>	<u>76</u>	<u>4,712</u>	<u>9,236</u>	<u>719</u>	<u>14,931</u>

(b) Staff costs

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Wages, salaries and other allowances	44,619	41,194	781	643
Social security costs and employee insurance	1,799	2,044	(72)	85
Bonuses	4,478	3,384	58	49
Pension costs				
- defined contribution plans	5,337	5,407	94	78
- defined benefit plans	189	141	-	-
Provision for short term compensated absences	295	196	12	1
	<u>56,717</u>	<u>52,366</u>	<u>873</u>	<u>856</u>

28 INVESTMENT RELATED INCOME

	Group	
	2006 RM'000	2005 RM'000
Gain on disposal of treasury ICULS	24,278	-
Gain on disposal of quoted investments	357	-
Dividend income from short term investments	176	-
	<u>24,811</u>	<u>-</u>

29 INVESTMENT RELATED EXPENSES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Impairment in value of :				
- goodwill in subsidiary companies	-	11,000	-	-
- investment in a subsidiary company	-	-	-	27,687
- investment in an associated company	-	3,356	-	-
- investment properties	170	1,107	-	-
Write down in value of				
investment in an associated company	-	452	-	-
Provision for diminution in				
value of quoted investments	5,163	9,564	-	-
Provision for diminution in				
value of unquoted investments	917	-	-	-
Write down in value of unquoted investments	-	392	-	-
Loss on disposal of quoted investments	2	-	-	-
Reversal of impairment				
loss on quoted investments	(1,531)	(422)	-	-
	4,721	25,449	-	27,687

30 INTEREST INCOME

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest on :				
- deposits	12,795	6,040	5,260	1,531
- advances to affiliated companies	34,380	49,224	34,380	49,224
- advances to subsidiary companies	-	-	1,333	2,464
- others	4	77	-	-
	47,179	55,341	40,973	53,219

31 FINANCE COSTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest on :				
- ICULS	562	9,982	1,662	11,359
- advances from a subsidiary company	-	-	22,301	13,910
- borrowings	17,235	236	-	-
Other finance charges	3,052	53	3,030	-
	20,849	10,271	26,993	25,269

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32 TAXATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Income tax :				
Malaysia income tax	158,697	143,709	126,014	145,553
Foreign tax	9,324	4,959	-	-
Withholding tax in a foreign subsidiary	-	460	-	-
	168,021	149,128	126,014	145,553
(Over)/under provision in prior years :				
Malaysia income tax	(48,178)	3,900	4,100	4,741
	119,843	153,028	130,114	150,294
Deferred tax (Note 8) Relating to origination and reversal of temporary differences	(3,793)	3,569	217	-
(Over)/under provision in prior years	(11,450)	1,437	-	-
	(15,243)	5,006	217	-
	104,600	158,034	130,331	150,294

Included in the over provision of taxation of the Group for the financial year ended 30 April 2006 is a tax write back of RM51.8 million relating to prior years contribution to the National Sports Council and the Government by the principal subsidiary company, Sports Toto Malaysia Sdn Bhd.

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit before taxation	571,914	487,497	464,083	491,610
Taxation at Malaysian statutory tax rate of 28% (2005 : 28%)	160,136	136,499	129,943	137,651
Different tax rates for offshore companies	850	(14)	-	-
Expenses not deductible for tax purposes	13,512	13,752	1,245	7,910
Income not subject to tax	(7,326)	-	-	-
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	(4,957)	(16)	(4,957)	(8)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	2,013	2,016	-	-
(Over)/under provision of tax expense in prior years	(48,178)	3,900	4,100	4,741
(Over)/under provision of deferred tax in prior years	(11,450)	1,437	-	-
Withholding tax in a foreign subsidiary	-	460	-	-
Tax expense for the year	104,600	158,034	130,331	150,294

33 EARNINGS PER SHARE

	Group			
	2006 RM'000	2005 RM'000	Earnings per share (sen)	
			2006	2005
Net profit for the year	464,525	328,156		
Increase in net profit as a result of interest expense saved from ICULS conversion	-	11,989		
Adjusted net profit used in the calculation of diluted earnings per share	464,525	340,145		
Basic earnings per share			37.89	32.58
Weighted average number of shares outstanding ('000)	1,225,958	1,007,369		
Number of shares from ICULS conversion ('000)	-	139,408		
Number of shares used in the calculation of diluted earnings per share ('000)	1,225,958	1,146,777		
Diluted earnings per share			-	29.66

34 DIVIDENDS PER SHARE

	Group and Company			
	2006		2005	
	Dividend per share net of tax sen	Amount of dividend net of tax RM'000	Dividend per share net of tax sen	Amount of dividend net of tax RM'000
Interim dividend (less tax of 28%)				
- 1st interim - RM0.125 per share (2005 : RM0.10 per share)	9.00	113,285	7.20	70,487
- 2nd interim - RM0.125 per share (2005 : RM0.08 per share)	9.00	113,095	5.76	55,760
- 3rd interim - RM0.11 per share (2005 : RM0.16 per share)	7.92	101,149	11.52	127,344
- 4th interim - RM0.15 per share (2005 : RM0.11 per share)	10.80	139,831	7.92	89,774

On 19 June 2006, the Company declared and approved a fourth interim dividend of RM0.15 per share less 28% income tax in respect of financial year ended 30 April 2006 on 1.295 billion ordinary shares, amounting to RM139.8 million. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2007.

35 CONTINGENT LIABILITY

	Company	
	2006 RM'000	2005 RM'000
<u>Contingent liability - unsecured</u>		
Corporate Guarantee given by the Company to financial institutions for a syndicated credit facilities granted to one of the subsidiary company	575,000	-

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36 CAPITAL COMMITMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Capital expenditures :				
- Approved and contracted for	80	330	-	-
- Approved but not contracted for	16,404	14,846	-	-
Non-cancellable operating leases				
- Rental of office premises	9,895	9,430	7,681	2,522
	<u>26,379</u>	<u>24,606</u>	<u>7,681</u>	<u>2,522</u>

The total future minimum lease payments under non-cancellable operating leases for each of the following periods are as follows :

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Not later than one year	5,094	4,655	2,880	841
Later than one year but not later than five years	4,801	4,775	4,801	1,681
	<u>9,895</u>	<u>9,430</u>	<u>7,681</u>	<u>2,522</u>

Included in the approved and contracted capital expenditures for property, plant and equipment is the balance of the purchase consideration for properties amounting to RM80,000 (2005 : RM80,000) payable to an affiliated company, Bukit Tinggi Resort Berhad.

37 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest income from				
- Berjaya Land Berhad - (b)	12,947	28,947	12,947	28,947
- Gateway Benefit Sdn Bhd - (b)	21,433	20,277	21,433	20,277
- FEAB Properties Sdn Bhd - (a)	-	-	308	1,023
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	688	1,117
Interest expense to				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(22,301)	(13,910)
Purchases of consumables from				
- Graphic Press Group Sdn Bhd - (d)	(11,172)	(10,789)	-	-
Advances from / (given to)				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	458,343	-
- Magna Mahsuri Sdn Bhd - (a)	-	-	(2,007)	(1,519)
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	(3,892)	-
Repayment of advances from / (to)				
- Berjaya Land Berhad - (b)	176,993	272,524	176,993	272,524
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	-	(71,137)
- FEAB Properties Sdn Bhd - (a)	-	-	107,255	45,558
Management fees for services rendered by				
- Berjaya Group Berhad - (b)	(600)	(720)	(600)	(720)
- Berjaya Corporation Berhad - (b)	(120)	-	(120)	-

37 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Security guard services charges by				
- Berjaya Guard Services Sdn Bhd - (b)	(1,175)	(1,056)	-	-
Rental and service charges by				
- Noble Circle (M) Sdn Bhd - (b)	(1,726)	(1,613)	(786)	(769)
- Nada Embun Sdn Bhd - (b)	(1,853)	(1,853)	-	-
Service charges for procurement and provision of printing and advertisement by				
- Novacomm Integrated Sdn Bhd-(b)	(3,702)	(2,795)	(136)	(195)
Purchase of motor vehicles from				
- Quasar Carriage Sdn Bhd - (d)	(6,704)	(3,588)	-	-
Service charges and sinking fund for office block maintenance charged by				
- Berjaya TS Management Sdn Bhd - (c)	(1,527)	(1,529)	-	-
Guarantee fee income from				
- Berjaya Group Capital (Cayman) Ltd - (b)	-	628	-	628

The nature of the related party relationships are as follows :

- (a) subsidiary companies;
- (b) affiliated companies;
- (c) company in which Directors of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun and Dato' Robin Tan Yeong Ching have interest; and
- (d) company in which a substantial shareholder, BCB, has interest.

The outstanding balances with subsidiary companies and affiliated companies have been disclosed under Notes 12 and 16.

The Directors' remuneration are disclosed under Note 27.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

38 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The financial risk management policies of the Company and its subsidiaries ("the Group") seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its currency, interest rate, market, credit and liquidity risks. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(b) Currency Risk

The Group predominantly operates in Malaysia even though it has some overseas subsidiary companies. The Group has limited exposure to foreign exchange risk as the transactional currencies are mostly in the functional currencies of the respective operating entities.

(c) Interest Rate Risk

The Group's primary interest rate risk related to interest bearing assets and interest bearing borrowings.

notes to the financial statements

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38 FINANCIAL INSTRUMENTS (CONT'D)

(c) Interest Rate Risk (cont'd)

The interest bearing assets are made up of deposits with licensed financial institutions. The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank by placing them as short term deposits and actively reviewing its portfolio of deposits.

The Group's manages its interest rate exposure from interest bearing borrowings by maintaining a mix of fixed and floating rate borrowings.

(d) Market Risk

The Group has minimal exposure to market risk as its investment is mainly on government guaranteed securities and its investments on quoted shares and domestic properties are not substantial. However, the risk of loss in value of the Group's quoted investments and properties is minimised via proper assessment before making investments and continuous monitoring of the performance of the investments.

(e) Credit Risk

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 other than those disclosed in Note 11.

Credit risk or risk of counterparts defaulting, is controlled by the application of credit approval limits and monitoring procedures.

(f) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met.

The Group maintain sufficient levels of cash and the availability of funding so as to ensure that its working capital requirements are met.

(g) Fair Value

The carrying values of the financial assets and financial liabilities reflected in the balance sheet approximate to their respective fair values except the following :

	Group	
	Carrying amount RM'000	Fair value RM'000
Financial liability :		
At 30 April 2006 :		
Term loan - Fixed rates	143,750	141,239
- Floating rates	431,250	431,250
	575,000	572,489
At 30 April 2005 :		
Term loan - Floating rates	3,477	3,477

38 FINANCIAL INSTRUMENTS (CONT'D)

(g) Fair Value (cont'd)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments :

i) Cash and bank balances, receivables, payables, short term investments, floating rate borrowings, amount from / to subsidiary companies and affiliated companies

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

The fair values of borrowings is estimated by discounting the expected future cash flows using current interest rates for liabilities with similar risk profiles.

It is not practical to estimate the fair values of amount due from / to subsidiary companies and other affiliated companies, except for the amount due from BLB group, principally due to lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts of all these outstanding balances recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

BLB has undertaken to repay the outstanding advances within three years from the date of issuance of the ICULS. During the financial year, BLB requested for a one year extension as disclosed in Note 40(a) and the amount is currently interest bearing at the prevailing market rate. As such, the Group does not anticipate the carrying amount of the outstanding balance recorded at the balance sheet date to be significantly different from the values that would eventually be received.

ii) Investment in unquoted shares

It is not practical to estimate the fair values of the Group's investment in unquoted shares because of the non-availability of a market price and the inability to estimate the fair value without incurring excessive costs.

39 SEGMENT INFORMATION

(a) Business Segments :

30 April 2006

	Toto betting operations RM'000	Others * RM'000	Inter-segment RM'000	Consolidated RM'000
Revenue				
External sales	2,933,942	4,380	-	2,938,322
Inter-segment sales	-	8,531	(8,531)	-
				<u>2,938,322</u>
Result				
Segment results	559,441	(26,856)	(2,014)	530,571
Unallocated corporate expenses				(5,077)
Profit from operations				525,494
Investment related income				24,811
Investment related expenses				(4,721)
Interest income				47,179
Finance costs				(20,849)
Profit before taxation				571,914
Taxation				(104,600)
Profit after taxation				467,314
Minority interests				(2,789)
Net profit for the year				<u>464,525</u>

notes to the financial statements

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39 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (cont'd) :

30 April 2006

	Toto betting operations RM'000	Others * RM'000	Inter-segment RM'000	Consolidated RM'000
Assets				
Segment assets	1,155,919	156,595	(76,830)	1,235,684
Investments in equity method of associated companies		319		319
Unallocated corporate assets				847,075
Consolidated total assets				2,083,078
Liabilities				
Segment liabilities	256,619	210,188	(215,653)	251,154
Unallocated corporate liabilities				583,735
Consolidated total liabilities				834,889
Other information				
Capital expenditures	6,957	2,914	-	9,871
- Unallocated corporate expenses				6,514
				16,385
Depreciation / amortisation	12,978	712	(1,711)	11,979
- Unallocated corporate expenses				137
				12,116
<u>Other non-cash expenses</u>				
Impairment losses				
- Unallocated corporate expenses	-	4,719	-	4,719

30 April 2005

Revenue

External sales	2,654,850	15,356	-	2,670,206
Inter-segment sales	-	22,172	(22,172)	-
				2,670,206

Result

Segment results	492,636	(11,742)	(6,018)	474,876
Unallocated corporate expenses				(5,264)
Profit from operations				469,612
Investment related expenses				(25,449)
Interest income				55,341
Finance costs				(10,271)
Share of results of associated companies				(1,736)
Profit before taxation				487,497
Taxation				(158,034)
Profit after taxation				329,463
Minority interests				(1,307)
Net profit for the year				328,156

39 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (cont'd) :

30 April 2005	Toto betting operations RM'000	Others * RM'000	Inter-segment RM'000	Consolidated RM'000
Assets				
Segment assets	464,201	206,254	354,393	1,024,848
Investments in equity method of associated companies		319		319
Unallocated corporate assets				855,048
Consolidated total assets				1,880,215
Liabilities				
Segment liabilities	206,627	198,163	(191,302)	213,488
Unallocated corporate liabilities				85,951
Consolidated total liabilities				299,439
Other information				
Capital expenditures	19,566	133	(7,363)	12,336
- Unallocated corporate expenses				181
				12,517
Depreciation / amortisation	15,222	803	(1,711)	14,314
- Unallocated corporate expenses				57
				14,371
Other non-cash expenses				
Impairment losses	-	14,419	-	14,419
- Unallocated corporate expenses				10,909
				25,328

(b) Geographical Segments :

Total Revenue From External Customers

	2006 RM'000	2005 RM'000
Malaysia	2,891,786	2,646,561
Others	46,536	23,645
	2,938,322	2,670,206
Segment Assets		
Malaysia	1,115,239	909,491
Others	120,764	115,360
Unallocated corporate assets	847,075	855,364
	2,083,078	1,880,215

notes to the financial statements

30 April 2006

39 SEGMENT INFORMATION (CONT'D)

(b) Geographical Segments (cont'd) :

	2006 RM'000	2005 RM'000
Capital Expenditures		
Malaysia	6,957	12,082
Others	2,914	254
Unallocated corporate assets	6,514	181
	16,385	12,517

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Unallocated corporate items refer to items relating to investing or financing activities and items that cannot be reasonably allocated to individual segments.

* Other business segments include property investment and development and investment holding and manufacture and distribution of computerised lottery systems, none of which are of a sufficient size to be reported separately.

40 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Pursuant to the resolution included in the Circular to Shareholders dated 5 April 2002, the company has obtained the necessary approvals for the purchase of ICULS by the Company or any of its wholly-owned subsidiaries up to an amount not exceeding RM1.2 billion. During the financial year, a wholly-owned subsidiary of the Company has acquired additional RM1,375,600 nominal value of the company's ICULS from the open market for a total consideration of approximately RM5.874 million. The wholly-owned subsidiary company has then disposed of the entire RM27,873,100 nominal value of ICULS acquired for a total cash consideration of RM116.510 million or at RM4.18 per ICULS via placements on 22 and 25 July 2005 which registered a net gain on disposal of approximately RM24.3 million.

As disclosed in Note 21, the Company's ICULS were fully converted and on 16 November 2005, the ICULS was removed from the Official List of Bursa Malaysia Securities Berhad.

On 23 January 2002, Berjaya Land Berhad ("BLB") gave the Company a written undertaking ("Undertaking Letter") relating to the settlement arrangement for the inter-company advances whereby it undertakes to settle the outstanding advances within three years from the date of issue of the ICULS on 5 August 2002.

On 10 August 2005, the Board of Directors of the Company announced that the Company has received a letter from BLB requesting the Company for an extension of time by another one year to 4 August 2006 ("Settlement Period") to settle in full the advances owing to the Company pursuant to the Undertaking Letter.

The Board of Directors of the Company was informed of BLB's proposal to dispose of 320 million ordinary shares in the Company ("Disposal Shares") held by BLB and its wholly-owned subsidiary, namely Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd and Berjaya Land Development Sdn Bhd ("Vendor Subsidiaries") to Intan Utilities Berhad, for a total disposal consideration of RM1,152 million (after the Company's capital distribution of RM0.50 per share) ("Proposed Disposal").

Subsequent to the completion of the Proposed Disposal, BLB and Vendor Subsidiaries will utilise the net proceeds received from the Proposed Disposal less the amount required for the redemption of the Disposal Shares from their lenders to settle the outstanding inter-company balances that BLB owes to the Company.

The Board of Directors of the Company, after taking into consideration the above, has agreed to BLB's proposed extension of the Settlement Period to 4 August 2006.

40 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (a) On 25 January 2006, BLB announced that BLB and the Vendor Subsidiaries had agreed to mutually terminate the share sale agreement in relation to the Proposed Disposal. BLB had on the same date announced that its Board of Directors is proposing an alternative proposal to partially repay the amounts owing to the Company by issuing up to RM900 million nominal value of 5-year secured exchangeable bonds ("Exchangeable Bonds"). The Exchangeable Bonds will be exchanged into ordinary shares of the Company which are held by BLB. BLB has advised that based on its current estimation, approximately RM387 million from the gross proceeds raised pursuant to the proposed Exchangeable Bonds issue will be allocated for the part repayment of the outstanding inter-company balances owing to the Company.

As at 30 April 2006, the outstanding inter-company balances owing by BLB group was RM550.309 million upon BLB's repayment of RM176.99 million during the financial year.

- (b) During the financial year ended 30 April 2006, the Company completed its RM0.50 capital distribution ("First Capital Distribution") which has resulted in the par value of the issued shares being reduced to RM0.50 per share which was effected on 26 September 2005 and consequently, the share capital of the Company of RM1,343,728,821 comprising 1,343,728,821 ordinary shares of RM1.00 each (including 85,000,000 treasury shares of RM1.00 each then) was reduced by the credit from the reduction of the par value of the treasury shares pursuant to First Capital Distribution. Following the First Capital Distribution and pursuant to the Company's ICULS Trust Deed, the conversion price of the outstanding ICULS was accordingly adjusted from RM1.20 to RM1.06.
- (c) On 25 January 2006, the Company announced its proposal to undertake a second capital repayment ("Second Capital Repayment") via cash on the basis of RM0.50 for every one existing ordinary share of RM0.50 each ("Share") held in the Company. The Second Capital Repayment was undertaken in accordance with the provisions of Section 60(2) and Section 64 of the Companies Act, 1965, via the reduction of the share capital of the Company RM0.40 per share and reduction of the share premium reserve of the Company by RM0.10 per share. The proposal has been approved by the Company's shareholders at an extraordinary general meeting held on 25 April 2006.

41 SUBSEQUENT EVENT AFTER BALANCE SHEET DATE

Further to the Second Capital Repayment of RM0.50 per ordinary share of RM0.50 each via reduction of the share premium account and share capital approved by the shareholders on 25 April 2006 (as disclosed in Note 40 (c)), the Board of Directors of the Company announced on 14 June 2006 that it had on 13 June 2006, obtained an order from the High Court of Malaya, Kuala Lumpur confirming the Second Capital Repayment. The Record of Depositors of the Company was closed at 5:00p.m. on 5 July 2006 for the purpose of determining the entitlement of shareholders to the Second Capital Repayment.

On 6 July 2006, the Company announced that the order of the High Court Malaya, Kuala Lumpur confirming the Second Capital Repayment has been lodged with the Registrar of Companies. Accordingly, the Second Capital Repayment was effected on 6 July 2006 whereby the par value of the ordinary shares of the Company was reduced from RM0.50 per ordinary share to RM0.10 per ordinary share and will be financed via proceeds from the sale of 41.042 million treasury shares (as disclosed in Note 23), a short term bridging loan of RM200 million obtained by a subsidiary company and the remaining from internally generated funds. The Second Capital Repayment was paid on 14 July 2006.

list of properties

as at 30 April 2006

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Net Book Value RM'000
Lot 174 TS 18 North East District, Penang (74, 76 & 78 Rope Walk, Penang)	Freehold	30.08.1990	66 yrs	4,826 sq. ft.	3 units of 2-storey shophouse - vacant	180
Kelong Restaurant Estimate 100 meter off-shore of Berjaya Langkawi Beach & Spa Resort situated in accordance with GPS at 6 21.634 N and 99 39.639 E	Freehold	11.11.1999	6 yrs	6,000 sq ft	Restaurant premise	1,251
Berjaya Times Square 11th Floor No. 1, Jalan Imbi 55100 Kuala Lumpur	Freehold (Strata titles)	06.01.1998	3 yrs	106,027 sq. ft.	One floor of office space of an integrated commercial development	45,752
Lot SL-012 & 013 Sri Pelangi Shoptlot Ground Floor, Block C Jalan Genting Klang, Setapak 53300 Kuala Lumpur	Freehold	12.12.1992	12 yrs	3,049 sq. ft.	2 units of ground floor shoptlot, 1 unit for rental and 1 unit vacant	417
Lots 335 & 336 Mukim Kuala Kuantan Astana Golf Resort, Kuantan Pahang Darul Makmur	Leasehold 99 years expiring on 10 Sept 2092	18.12.1992	-	16,714 sq. ft.	2 bungalow lots - vacant	210
A171 & A173 Sri Dagangan Business Centre, Jalan Tun Ismail 25100 Kuantan, Pahang Darul Makmur	Freehold	26.09.1992	12 yrs	2,860 sq. ft.	2 units of 3-storey shop/office - 2 floors for sales office, 3 floors for rental and 1 floor vacant	632
Lot 367, Section 11 Kuching Town Land District Jalan Kulas, 93400 Kuching, Sarawak	Freehold	28.03.1994	13 yrs	1,214 sq. ft.	1 unit of 4-storey shophouse - 1 floor for rental, 1 floor for service centre and 2 floors vacant	642
Lot 19, Bornion Commercial Centre 88100 Luyang Kota Kinabalu Sabah	Leasehold 999 years expiring on 15 May 2915	24.12.1994	13 yrs	3,750 sq. ft.	1 unit of 3-storey shoptlot - 2 floors for sales office and 1 floor vacant	499
24, Jalan SS2/66, 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	30.12.1994	34 yrs	1,680 sq. ft.	1 unit of 3-storey shophouse for rental	1,155

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Net Book Value RM'000
No. 14, Sri Desa Entrepreneur's Park Jalan Kuchai Lama, 58200 Kuala Lumpur	Freehold	23.11.1995	8 yrs	6,706 sq. ft.	1 unit of 5-storey shopoffice - 5 floors for rental	1,337
Kim's Park Business Centre No. 1, Jalan Penjaja 3/A Batu Pahat Johor Darul Takzim	Freehold	15.06.1998	7 yrs	2,575 sq. ft.	1 unit of 3-storey shopoffice - 1 floor for sales office and 2 floors vacant	788
Plot B79, B79A, B80, B81 and B82 H.S. (D) 10222, P.T. No. 10961 Bentong, Pahang Darul Makmur	Leasehold expiring on 4 May 2094	23.12.1999	-	119,845 sq. ft.	Vacant land	2,580
Lot 11, Jalan Oniks 2, 7/11 B, Seksyen 7 Shah Alam Selangor Darul Ehsan	Leasehold expiring on 28.May 2103 (99 years)	28.05.2004	-	19,752 sq. ft.	Vacant land	808
No A5-1, Meranti Park Apartments Jalan BTR 1/5, Bukit Tinggi Resort 28750 Bentong Pahang Darul Makmur	Leasehold expiring on 4 May 2094 (99 years)	08.09.2005	7 yrs	949 sq. ft.	1 unit of apartment	220
No PHA-3, Meranti Park Apartments Jalan BTR 1/5, Bukit Tinggi Resort 28750 Bentong, Pahang Darul Makmur	Leasehold expiring on 4 May 2094 (99 years)	08.09.2005	7 yrs	1,465 sq. ft.	1 unit of apartment	320

REVALUATION POLICY

The Group does not adopt a policy of regular revaluation of its properties. All properties are stated at cost less accumulated depreciation and impairment losses (if applicable).

material contracts

Other than as disclosed in Notes 12, 27, 36 and 37 of the financial statements for the financial year ended 30 April 2006, neither Berjaya Sports Toto Berhad nor any of its subsidiaries has entered into any material contracts involving Directors and major shareholders.

additional information

The amount of non-audit fees incurred by the Group for the financial year ended 30 April 2006 amounted to RM221,000 (2005 : RM188,000), including RM167,000 (2005 : RM160,000) that was incurred by the foreign subsidiary companies.

recurrent related party transactions of revenue nature

The aggregate value of transactions conducted pursuant to shareholders' mandate were as follows :

Related parties	Nature of transaction	Name of companies	Amount transacted during the financial year (RM'000)
Berjaya Corporation Berhad and its unlisted subsidiary companies :			
Berjaya Corporation Berhad	Management fees payable for services rendered that include, inter-alia, the provision of finance, secretarial and general administrative services	Berjaya Sports Toto Berhad	120
Berjaya Group Berhad	Management fees payable for services rendered that include, inter-alia, the provision of finance, secretarial and general administrative services	Berjaya Sports Toto Berhad	600
Berjaya Registration Services Sdn Bhd	Receipt of share registration services	Berjaya Sports Toto Berhad	523
Berjaya Education Sdn Bhd	Receipt of education and staff training services	Sports Toto Malaysia Sdn Bhd	11
Novacomm Integrated Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	3,702
Inter-Pacific Trading Sdn Bhd	Purchase of stationery products	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	82
Berjaya Land Berhad and its unlisted subsidiary companies			
Berjaya Guard Services Sdn Bhd	Receipt of security guard services	Sports Toto Malaysia Sdn Bhd	1,175
Berjaya Langkawi Beach Resort Sdn Bhd	Rental of villa at Berjaya Langkawi Beach & Spa Resort	Berjaya Sports Toto Berhad	180
Noble Circle (M) Sdn Bhd	Rental and service charges for renting of office premises	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	1,726
	Parking charges	Sports Toto Malaysia Sdn Bhd	17
Sinar Merdu Sdn Bhd	Rental for renting of rooms at KL Court, KL Plaza	Sports Toto Malaysia Sdn Bhd	127
Nada Embun Sdn Bhd	Rental and service charges for renting of office premises	Sports Toto Malaysia Sdn Bhd	1,853
Berjaya Land Development Sdn Bhd	Rental for renting of office premises	FEAB Properties Sdn Bhd FEAB Land Sdn Bhd	22

recurrent related party transactions of revenue nature

Related parties	Nature of transaction	Name of companies	Amount transacted during the financial year (RM'000)
Matrix International Berhad and its unlisted subsidiary companies			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems and related services	International Lottery & Totalizator Systems, Inc.	196
Berjaya Times Square Sdn Bhd	Parking charges	Sports Toto Malaysia Sdn Bhd	84
Berjaya TS Management Sdn Bhd	Service charges and sinking fund for maintenance of office block	Magna Mahsuri Sdn Bhd	1,527
Cosway Corporation Berhad and its unlisted subsidiary companies			
Stephen Properties Sdn Bhd	Rental for renting of storage areas	Berjaya Sports Toto Berhad FEAB Properties Sdn Bhd	4
Other related parties			
Nautilus Corporation Sdn Bhd	Rental for renting of resort room at Genting View Resort, Pahang for guests use	FEAB Properties Sdn Bhd	18
Qinetics Solutions Berhad	Procurement of e-newsletter / website development and maintenance services	Berjaya Sports Toto Berhad	14
Graphic Press Group Sdn Bhd	Procurement of Toto betting slips printing services	Sports Toto Malaysia Sdn Bhd	11,172
Quasar Carriage Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Sports Toto Malaysia Sdn Bhd	6,704
Sun Media Corporation Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad	5
GPS Tech Solutions Sdn Bhd	Procurement of remote surveillance services	Sports Toto Malaysia Sdn Bhd	33

statement of directors' shareholdings

as at 15 August 2006

THE COMPANY

	Number of ordinary shares of RM0.10 each			
	<u>Direct Interest</u>	%	<u>Deemed Interest</u>	%
1. Tan Sri Dato' Thong Yaw Hong	538,000	0.04	200,000	0.02
2. Tan Sri Dato' Seri Vincent Tan Chee Yioun	61,167,650	4.72	619,569,803	47.85
3. Ng Foo Leong	3,400,000	0.26	-	-
4. Dato' Robin Tan Yeong Ching	712,000	0.05	-	-
5. Datuk Robert Yong Kuen Loke	1,826,200	0.14	-	-
6. Tan Sri Dato' Jaffar Bin Abdul	103,750	0.01	-	-
7. Chan Kien Sing	3,200	0.00	-	-
8. Freddie Pang Hock Cheng	362,800	0.03	-	-
9. Mohamed Saleh Bin Gomu	-	-	-	-

None of the Directors in office has any interests in the shares and debentures of the related corporations as at 15 August 2006.

statistics on shareholdings

as at 15 August 2006

ANALYSIS OF SHAREHOLDINGS

<u>Size of Shareholdings</u>	<u>No. of Shareholders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
less than 100	624	1.55	14,603	0.00
100 - 1,000	12,399	30.85	11,300,761	0.87
1,001 - 10,000	21,959	54.64	89,602,924	6.92
10,001 - 100,000	4,573	11.38	124,342,264	9.60
100,001 - 64,736,503	633	1.58	791,207,314	61.11
64,736,504 and above*	1	0.00	278,262,206	21.50
Total	40,189	100.00	1,294,730,072	100.00

Note:

There is only one class of shares in the paid-up capital of the Company. Each share entitles the holder to one vote.

* Denotes 5% of the total number of shares with voting rights in issued.

THIRTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES HELD	%
1	HSBC Nominees (Tempatan) Sdn Bhd <i>Exempt An For HSBC (Malaysia) Trustee Berhad (Escrow-Bland EB)</i>	278,262,206	21.49
2	Cimsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Youn (EDT)</i>	50,372,550	3.89
3	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Bhd (681124)</i>	40,000,000	3.09
4	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For Merrill Lynch Pierce Fenner & Smith Incorporated (Local Resident)</i>	28,442,292	2.20
5	Cimsec Nominees (Tempatan) Sdn Bhd <i>BCB For Berjaya Land Bhd (Banking 60)</i>	24,000,000	1.85
6	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01-00808-000)</i>	22,500,000	1.74
7	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	21,755,880	1.68
8	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BLAND 681123)</i>	19,000,000	1.47
9	Gateway Benefit Sdn Bhd	18,985,000	1.47
10	HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For GMO Emerging Markets Fund</i>	18,023,700	1.39
11	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For American International Assurance Company Limited</i>	16,372,200	1.26
12	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For Prudential Assurance Malaysia Berhad</i>	13,184,000	1.02

THIRTY LARGEST SHAREHOLDERS (CONT'D)

NO.	NAME	NO. OF SHARES HELD	%
13	Cimsec Nominees (Tempatan) Sdn Bhd <i>Exempt An For CIMB-GK Securities Pte Ltd (Retail Clients)</i>	13,164,350	1.02
14	Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund 9P13 For Thornburg Investment Income Builder Fund</i>	13,000,000	1.00
15	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd For Berjaya Land Berhad</i>	12,102,500	0.93
16	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01408432026B)</i>	10,925,000	0.84
17	HDM Nominees (Tempatan) Sdn Bhd <i>UOB Kay Hian Pte Ltd For Gateway Benefit Sdn Bhd</i>	9,689,000	0.75
18	Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	7,827,634	0.60
19	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BBB 1)</i>	7,500,000	0.58
20	Southern Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	7,300,000	0.56
21	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01-00808-004)</i>	7,040,000	0.54
22	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account For Berjaya Land Berhad (01-00808-003)</i>	6,886,700	0.53
23	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For Caceis Bank Luxembourg (CLT ACCT-LUX)</i>	6,021,228	0.47
24	Cartaban Nominees (Asing) Sdn Bhd <i>Investors Bank And Trust Company For Ishares, Inc.</i>	5,231,800	0.40
25	Citigroup Nominees (Tempatan) Sdn Bhd <i>ING Insurance Berhad (INV-IL PAR)</i>	5,001,800	0.39
26	Berjaya General Insurance Berhad	4,976,000	0.38
27	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account For Berjaya Land Bhd (BBB)</i>	4,900,000	0.38
28	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Growth Fund</i>	4,879,600	0.38
29	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Equity Fund</i>	4,730,600	0.37
30	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (41401199616C)</i>	4,688,000	0.36
		686,762,040	53.03

substantial shareholders

as at 15 August 2006

<u>Names of Substantial Shareholder</u>	← No. of. Shares →			
	<u>Direct</u>	%	<u>Indirect</u>	%
Gateway Benefit Sdn Bhd	301,601,903	23.29	-	-
Berjaya Land Berhad	245,122,498	18.93	360,788,008 (a)	27.87
Teras Mewah Sdn Bhd	-	-	605,910,506 (b)	46.80
Berjaya Group Berhad	-	-	618,434,010 (c)	47.77
Berjaya Corporation Berhad	-	-	618,434,010 (d)	47.77
Hotel Resort Enterprise Sdn Bhd	-	-	618,434,010 (e)	47.77
Tan Sri Dato' Seri Vincent Tan Chee Yioun	61,167,650	4.72	619,569,803 (f)	47.85

Notes:

- (a) Deemed interested by virtue of its 100% interest in Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd and Berjaya Land Development Sdn Bhd.
- (b) Deemed interested by virtue of its interest in Berjaya Land Berhad.
- (c) Deemed interested by virtue of its 100% interests in Teras Mewah Sdn Bhd and its interests in the related companies, Prime Credit Leasing Sdn Bhd, Berjaya General Insurance Berhad, Inter-Pacific Securities Sdn Bhd and Inter-Pacific Capital Sdn Bhd.
- (d) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.
- (e) Deemed interested by virtue of its interest in Berjaya Corporation Berhad.
- (f) Deemed interested by virtue of his interest in Berjaya Corporation Berhad, B & B Enterprise Sdn Bhd, Berjaya VTCY Sdn Bhd and his deemed interest in Desiran Unggul Sdn Bhd, a wholly-owned subsidiary of Intan Utilities Berhad.

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Berjaya Sports Toto Berhad will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 13 October 2006 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements of the Company for the year ended 30 April 2006 and the Directors' and Auditors' Reports thereon. RESOLUTION 1
2. To approve the payment of Directors' fees amounting to RM135,000 for the year ended 30 April 2006. RESOLUTION 2
3. To re-elect the following Directors retiring pursuant to Article 98(A) of the Company's Articles of Association:-
 - a) Dato' Robin Tan Yeong Ching RESOLUTION 3
 - b) Mohamed Saleh Bin Gomu RESOLUTION 4
4. To re-appoint Tan Sri Dato' Thong Yaw Hong as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. RESOLUTION 5
5. To re-appoint Tan Sri Dato' Jaffar Bin Abdul as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. RESOLUTION 6
6. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. RESOLUTION 7
7. As special business:-

To consider and, if thought fit, pass the following ordinary resolutions :-

(i) Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

RESOLUTION 8

(ii) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to shareholders dated 21 September 2006 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which the ordinary resolution for the Proposed Mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is the earlier;

notice of annual general meeting

And Further That authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

RESOLUTION 9

(iii) Proposed Renewal of Authority to Purchase Its Own Shares by the Company

“That, subject always to the Companies Act, 1965, (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company’s issued and paid-up ordinary share capital through Bursa Securities and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the existing total issued and paid-up share capital of the Company inclusive of the 56,300,000 ordinary shares already purchased and retained as treasury shares;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profit and share premium reserve of the Company. Based on the latest audited accounts as at 30 April 2006, the retained profits and share premium reserve of the Company were RM311.305 million and RM336.904 million respectively;
3. the authority shall commence immediately upon passing of this resolution until:-
 - (a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at a general meeting whereby the authority is renewed, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
 - (c) the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting;whichever is the earlier.
4. upon completion of the purchase(s) of the ordinary shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased, retain all the shares as treasury shares for future re-sale or for distribution as dividend to the shareholders of the Company or retain part thereof as treasury shares and subsequently cancelling the balance, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.”

RESOLUTION 10

By Order of the Board
SU SWEE HONG
Secretary

Kuala Lumpur
21 September 2006

NOTES:

(A) APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the meeting is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointor or his attorney duly authorised in writing, and in the case of a corporation, it must be executed either under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office, Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

(B) SPECIAL BUSINESS

- (i) Resolution 8 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares not exceeding 10% of the existing issued and paid-up share capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
- (ii) Resolution 9 is in relation to the approval on the Shareholders' Mandate on Recurrent Related Party Transactions and if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad. The explanatory notes on Ordinary Resolution 9 is set out in the Circular to Shareholders dated 21 September 2006 attached to the Annual Report.
- (iii) Resolution 10 if passed will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued and paid-up share capital of the Company. The explanatory notes on Resolution 10 is set out in the Circular to Shareholders dated 21 September 2006 attached to the Annual Report.

statement accompanying notice of annual general meeting

pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. The Directors standing for re-election/re-appointment at the Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 13 October 2006 at 10.00 a.m. are as follows:-

i) Pursuant to Article 98 (A) of the Company's Articles of Association on retirement by rotation:-

- a) Dato' Robin Tan Yeong Ching
- b) Mohamed Saleh Bin Gomu

ii) Pursuant to Section 129 (6) of the Companies Act, 1965:-

- a) Tan Sri Dato' Thong Yaw Hong
- b) Tan Sri Dato' Jaffar Bin Abdul

The Director's Profile of the above Directors are set out on page 3 to page 7 of the Annual Report. The information relating to the shareholdings of the above Directors in the Company and its related corporations is set out on page 81 of the Annual Report.

2. Details of Attendance of Directors at Board Meetings held during the financial year ended 30 April 2006 are set out on page 20 of the Annual Report.

Form of Proxy

BERJAYA SPORTS TOTO BERHAD

(COMPANY NO. 9109-K)

I/We _____
(Name in full)

I.C. or Company No. _____ CDS Account No. _____
(New and Old I.C. Nos. or Company No.)

of _____
(Address)

being a member/members of BERJAYA SPORTS TOTO BERHAD hereby appoint:

_____ I.C. No. _____
(Name in full) (New and Old I.C. Nos.)

of _____
(Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 13 October 2006 at 10.00 a.m. or any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

	FOR	AGAINST
RESOLUTION 1 - To receive and adopt the Audited Financial Statements		
RESOLUTION 2 - To approve payment of Directors' Fees		
RESOLUTION 3 - To re-elect Dato' Robin Tan Yeong Ching as Director		
RESOLUTION 4 - To re-elect Mohamed Saleh Bin Gomu as Director		
RESOLUTION 5 - To re-appoint Tan Sri Dato' Thong Yaw Hong as Director		
RESOLUTION 6 - To re-appoint Tan Sri Dato' Jaffar Bin Abdul as Director		
RESOLUTION 7 - To re-appoint Auditors		
RESOLUTION 8 - To approve authority to issue and allot shares		
RESOLUTION 9 - To approve mandate on recurrent related party transactions		
RESOLUTION 10 - To approve the renewal of authority to purchase its own shares by the Company		

Signature of Shareholder(s)

No. of Shares Held

Signed this _____ day of _____, 2006

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointor or his attorney duly authorised in writing, and in the case of a corporation, it must be executed either under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office, Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

Fold this flap for sealing

Affix Stamp

THE COMPANY SECRETARY
BERJAYA SPORTS TOTO BERHAD
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1, JALAN IMBI
55100 KUALA LUMPUR

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GROUP ADDRESSES

Sports Toto Malaysia Sdn Bhd

Berjaya Times Square
Lot 13-01, Level 13 (East Wing)
No.1, Jalan Imbi, 55100 Kuala Lumpur
Tel: 03-2148 9888
Email: webmaster@sportstoto.com.my

Berjaya Lottery Management (HK) Limited

Level 28, Three Pacific Place
1 Queen's Road East, Hong Kong
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