

# ANNUAL REPORT 2004



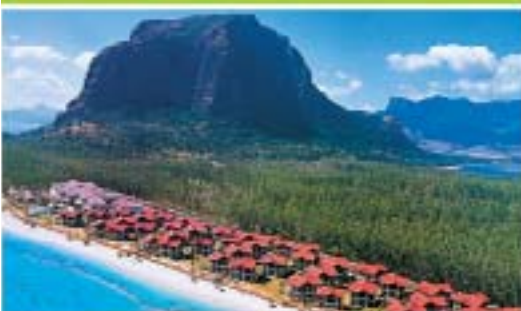
**BERJAYA**

**BERJAYA LAND BERHAD**

(Company No. 201765-A)

برجایا لاند برهادر

成功置地有限公司



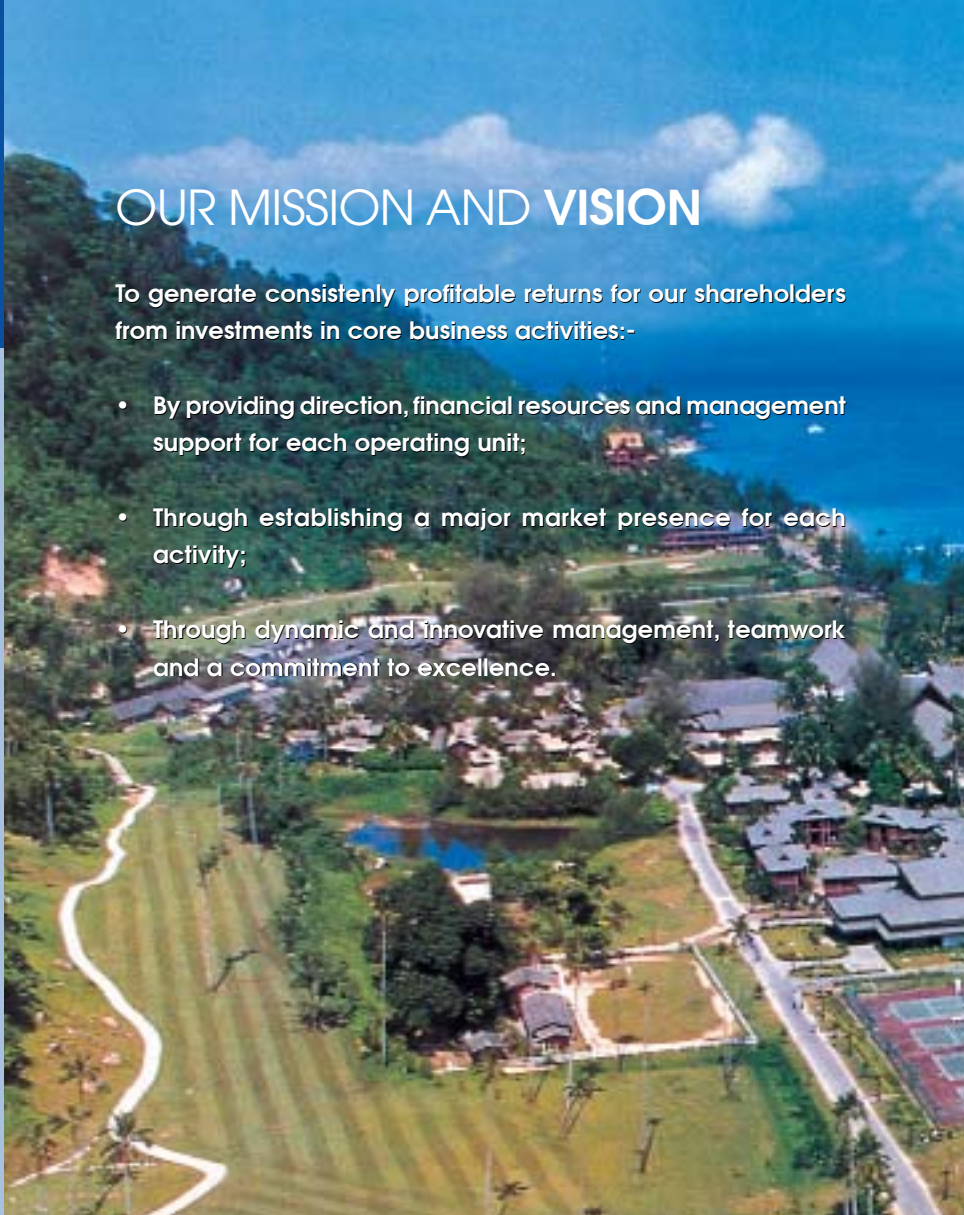
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## OUR MISSION AND VISION

To generate consistently profitable returns for our shareholders from investments in core business activities:-

- By providing direction, financial resources and management support for each operating unit;
- Through establishing a major market presence for each activity;
- Through dynamic and innovative management, teamwork and a commitment to excellence.



**BERJAYA**

The corporate logo comprises the word BERJAYA and a symbol made up of closely interwoven Bs.

It is set in rich cobalt blue. BERJAYA means "success" in Bahasa Malaysia and reflects the success and Malaysian character of the Group's traditional core businesses.

The intertwining Bs of the symbol represent our strong foundations and the constant synergy taking place within the Group. Each B faces a different direction, depicting the varied strengths of the companies that make up the Berjaya Group. Taken in totality, the corporate logo signifies Strength in Diversity.

# CORPORATE PROFILE

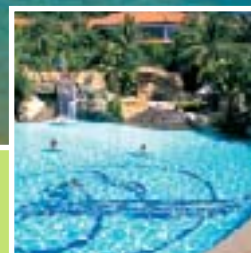
Berjaya Land Berhad ("BLand") was incorporated in 1990 to implement the Restructuring Scheme undertaken by Sports Toto Malaysia Bhd ("Sports Toto") whereby the entire paid-up capital of Sports Toto was acquired by BLand. Simultaneously, BLand made major acquisitions of various property and leisure activities which was funded via a Rights and Special Issue.

Sports Toto was incorporated in 1969 by the Malaysian Government for the purpose of running Toto betting under Section 5 of the Pool Betting Act, 1967. It was privatised in 1985 when its Chief Executive Officer, Tan Sri Dato' Seri Vincent Tan Chee Yioun, through his private company acquired 70% of the paid-up capital. Sports Toto was listed on Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange) in July 1987.

Subsequently in November 1987, RekaPacific Berhad (formerly known as Berjaya Industrial Berhad) ("RekaPacific") completed a general offer for Sports Toto which resulted in Sports Toto becoming a subsidiary of RekaPacific.

On 11 October 1996, Berjaya Group Berhad ("BGroup") completed the purchase of Teras Mewah Sdn Bhd ("TMSB"), a wholly-owned subsidiary company of RekaPacific. TMSB had on 28 August 1996 completed the purchase of the entire shareholding in BLand from RekaPacific comprising approximately 247.5 million ordinary shares, 49.8 million warrants and RM82.8 million Irredeemable Convertible Unsecured Loan Stocks for a total consideration of approximately RM931.1 million. As a result, BLand became a direct subsidiary of BGroup.

In the financial year ended 30 April 2003, the Group's interest in subsidiary, Berjaya Sports Toto Berhad was diluted making it an associated company of the Group.



Today, with a total employee strength of over 5,000, the Group's core activities are as follows:-

- Vacation Timeshare, Hotels, Resorts and Recreation Development;
- Property Investment and Development; and
- Gaming and Lottery Management.

The Group's financial growth over the past 19 years is highlighted below:-

	30-4-2004 Million		31-12-1985 Million		19 Years' Annualised Increase (%)
	RM	US\$	RM	US\$	
Revenue	776.9	204.4	76.0	20.0	49
Pre-tax Profit	191.4	50.4	5.0	1.3	196
Shareholders' Funds	3,407.2	896.6	1.0	0.3	17,927
Total Assets	6,830.6	1,797.5	12.7	3.3	2,825
Total No. of Employees	5,006		431		

Exchange rate: US\$1.00 = RM3.80



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Tan Sri Dato' Thong Yaw Hong  
Chairman

Tan Sri Dato' Danny Tan Chee Sing  
Deputy Chairman

Dato' Robin Tan Yeong Ching  
Chief Executive Officer

### **Executive Directors**

Datuk Robert Yong Kuen Loke  
Khor Poh Waa  
YTM Tengku Mustaffa Kamel Ibni  
Almarhum Sultan Mahmud Al-Muktafi Billah Shah  
Khoo Wei Tong @ Khaw Ooi Tong  
Ng Sooi Lin

### **Directors**

Dato' Mohammed Adnan bin Shuaib  
Dr. Ramachandran s/o Ratnasingam

## AUDIT COMMITTEE

### **Chairman/Independent Non-Executive Director**

Tan Sri Dato' Thong Yaw Hong

### **Non-Independent Executive Director**

Datuk Robert Yong Kuen Loke

### **Independent Non-Executive Director**

Dato' Mohammed Adnan bin Shuaib

## SECRETARIES

Su Swee Hong (MAICSA No. 0776729)  
Tham Lai Heng (MAICSA No. 7013702)

## SHARE REGISTRARS

Berjaya Registration Services Sdn Bhd  
Lot C1-C3, Block C  
2nd Floor, KL Plaza  
179 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel : 03 - 2145 0533  
Fax : 03 - 2145 9702

## AUDITORS

Ernst & Young  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## REGISTERED OFFICE

11th Floor, Menara Berjaya  
KL Plaza, 179 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel : 03 - 2935 8888  
Fax : 03 - 2935 8043

## PRINCIPAL BANKERS

Affin Merchant Bank Berhad  
Alliance Bank Malaysia Berhad  
AmBank Berhad  
AmFinance Berhad  
AmMerchant Bank Berhad  
Aseambankers Malaysia Berhad  
Malayan Banking Berhad  
Malaysia Building Society Berhad  
OCBC Bank (M) Berhad  
Southern Bank Berhad  
United Overseas Bank (Malaysia) Berhad

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

## STOCK SHORT NAME

BJLAND (4219)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

*Berjaya Tioman Beach, ►  
Golf & Spa Resort,  
Malaysia*



# PROFILE OF DIRECTORS



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1. Tan Sri Dato' Thong Yaw Hong
2. Tan Sri Dato' Danny Tan Chee Sing

## TAN SRI DATO' THONG YAW HONG

74 years of age, Malaysian  
Chairman  
(Independent/Non-Executive)

He was appointed as a Director of Berjaya Land Berhad on 31 July 1990 and was subsequently appointed as its Chairman on 1 January 1991. He also serves as the Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee.

He graduated with a Bachelor of Arts (Hons) degree in Economics from University of Malaya, a Master's degree in Public Administration from Harvard University, as well as Advanced Management Program from Harvard Business School. In June 1998, he was appointed a Pro-Chancellor of Universiti Putra Malaysia.

He had a distinguished career with the Government of Malaysia, primarily in the fields of socio-economic development, planning and finance. He served in the Economic Planning Unit in the Prime Minister's Department since 1957 and became its Director-General from 1971 to 1978. From 1979 until his retirement in 1986, he served as the Secretary-General of the Ministry of Finance. He was responsible for setting up Sports Toto Malaysia Sdn Bhd in 1969 under the direction of the Government when he was the Director-General of the Economic Planning Unit in the Prime Minister's Department.

He holds directorships in several public listed companies namely, Berjaya Sports Toto Berhad, Batu Kawan Berhad, Glenealy Plantations (Malaya) Berhad, HHB Holdings

Berhad, Kuala Lumpur Kepong Berhad, Malaysia Mining Corporation Berhad and Public Bank Berhad. He is also a Director in Berjaya General Insurance Berhad, KTM Berhad, Malaysian South-South Corporation Berhad, Public Merchant Bank Berhad and several other private companies including Sports Toto Malaysia Sdn Bhd. He also serves as a member on the Boards of Trustees of Program Pertukaran Fellowship Perdana Menteri Malaysia, Tun Razak Foundation, Sports Toto Foundation and the Malaysian Institute of Economic Research, among others. He is also a member of the Working Group of the Executive Director for the National Economic Action Council.

## TAN SRI DATO' DANNY TAN CHEE SING

49 years of age, Malaysian  
Deputy Chairman  
(Non-Independent/Non-Executive)

He was appointed to the Board on 5 December 1990 and is currently the Deputy Chairman of the Company. He was the Managing Director from September 1994 to September 2001.

He is a businessman and entrepreneur with extensive experience in property development, restaurant/resort management, insurance, trading, gaming and stockbroking through his interests in various public and private companies.

Currently, he is also the Deputy Chairman of Berjaya Group Berhad and Dunham-Bush (Malaysia) Bhd, Executive Vice-Chairman of TT Resources Berhad, Group Chief Executive Officer of Dijaya Corporation Berhad and Chief Executive Officer of Tropicana Golf & Country Resort Berhad. He also holds

## PROFILE OF DIRECTORS



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3. Dato' Robin Tan Yeong Ching
4. Datuk Robert Yong Kuen Loke

directorships in Berjaya Capital Berhad, Cosway Corporation Berhad, MTD Capital Berhad, Bukit Kiara Resort Berhad, Tioman Island Resort Berhad, Berjaya General Insurance Berhad, KDE Recreation Berhad and Berjaya Golf Resort Berhad.

His nephew, Dato' Robin Tan Yeong Ching, is also a member of the Board while his brother, Tan Sri Dato' Seri Vincent Tan Chee Yioun is a major shareholder of the Company.

### **DATO' ROBIN TAN YEONG CHING**

30 years of age, Malaysian  
Chief Executive Officer  
(Non-Independent)

He joined the Board on 13 January 1999 as an Executive Director and was appointed the Chief Executive Officer of the Company on 28 March 2003. He graduated with a Bachelor of Social Science degree in Accounting/Law from the University of Southampton, United Kingdom, in 1995. He joined Berjaya Group Berhad in 1995 as an Executive and subsequently became the General Manager, Corporate Affairs in 1997.

Currently, he is also an Executive Director of Berjaya Sports Toto Berhad and Sports Toto Malaysia Sdn Bhd. He also holds directorships in Bukit Tinggi Resort Berhad and several other private limited companies.

His uncle, Tan Sri Dato' Danny Tan Chee Sing, is also a member of the Board while his father, Tan Sri Dato' Seri Vincent Tan Chee Yioun is a major shareholder of the Company.

### **DATUK ROBERT YONG KUEN LOKE**

52 years of age, Malaysian  
(Non-Independent/Executive Director)

He was appointed to the Board on 24 January 1995. He is a fellow member of The Institute of Chartered Accountants (England and Wales), and a member of the Malaysian Institute of Accountants and Institute of Certified Public Accountants of Singapore. He is also a Council Member of the Malaysian Institute of Certified Public Accountants. He has many years of working experience in the fields of accounting, audit, treasury and financial management. He started his career in London in 1973 and worked for more than five years with chartered accounting firms there including two years with Moore Stephens & Co. Subsequently, he was with Price Waterhouse, Singapore from 1979 to 1982. Prior to joining the Berjaya Group of Companies in 1987, he served as Group Finance Manager in UMW Holdings Berhad and Treasurer in Edaran Otomobil Nasional Bhd.

Currently, he is an Executive Director of Berjaya Group Berhad and Berjaya Sports Toto Berhad, Director of Berjaya Capital Berhad, Cosway Corporation Berhad, Matrix International Berhad and Taiga Forest Products Ltd (Canada). He also holds directorships in Berjaya Golf Resort Berhad and several other private limited companies.

# PROFILE OF DIRECTORS



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5. Khor Poh Waa
6. Y.T.M. Tengku Mustaffa Kamel Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah
7. Khoo Wei Tong @ Khaw Ooi Tong

## **KHOR POH WAA**

48 years of age, Malaysian  
(Non-Independent/Executive Director)

He was appointed to the Board on 13 January 1999 as an Executive Director. He graduated from University Malaya with an Accounting Degree and served in the Accountant General Office before joining the private sector in 1985. He joined Berjaya Vacation Club Berhad ("BVC") in 1993 and is currently the President of BVC. He was appointed as a Director of BVC in 1997.

He plays an active role in the timeshare industry and currently serves as the Chairman of the Malaysian Holiday Timeshare Developers' Federation. He also holds directorships in Staffield Country Resort Berhad, Tioman Island Resort Berhad, KDE Recreation Berhad and several other private limited companies in the Berjaya Group of Companies.

He is also the President of Kelab Sukan and Rekreasi Kumpulan Berjaya Malaysia and the Organising Chairman of 'Berjaya Cares', a body established to promote charity activities in line with the Government's call for a caring society.

## **Y.T.M. TENGKU MUSTAFFA KAMEL IBNI ALMARHUM SULTAN MAHMUD AL-MUKTAFI BILLAH SHAH**

36 years of age, Malaysian  
(Non-Independent/Executive Director)

He was re-appointed to the Board on 10 January 2002 as an Executive Director, a position he resigned from in October 2001 due to his appointment as the Regent of Terengganu during the period from mid-

October 2001 to mid-December 2001. He graduated with a Diploma in Hotel Management from Caesar Ritz, Switzerland. He first joined the Group as an Assistant Manager in 1991 and was promoted to the position of Manager in March 1992. Prior to his appointment as an Executive Director of the Company in October 1999, he was the Senior General Manager, Corporate Affairs of Berjaya Group Berhad. He also holds directorships in Berjaya Golf Resort Berhad, Berjaya Vacation Club Berhad and several other private limited companies.

## **KHOO WEI TONG @ KHAW OOI TONG**

55 years of age, Malaysian  
(Non-Independent/Executive Director)

He was appointed to the Board on 14 September 2001 as an Executive Director. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He articulated with Messrs Coopers & Lybrand (now known as PricewaterhouseCoopers) from 1970 to 1975. He subsequently joined the Malaysian Rubber Development Corporation Bhd, a quasi-government organisation, as its Chief Internal Auditor until 1980. During the next five years until 1985, he was the Finance Manager of Sarawak Motor Industries Bhd, an assembler and distributor of motor vehicles. Since then, he has been with the Berjaya Group of Companies. He was appointed as an Executive Director of Berjaya Group Berhad in January 1996 until his appointment to the Company. Currently, he is also the Executive Director of Prime Credit Leasing Sdn Bhd and a Director of Berjaya General Insurance Berhad and Indah Corporation Berhad. He also holds directorships in several other private limited companies.

## PROFILE OF DIRECTORS



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8. Ng Sool Lin

9. Dato' Mohammed Adnan Bin Shuaib

10. Dr. Ramachandran S/O Ratnasingam

### NG SOOI LIN

48 years of age, Malaysian  
(Non-Independent/Executive Director)

He was appointed to the Board on 28 March 2003 as an Executive Director. He holds a Bachelor in Engineering from the University of Liverpool and a Full Technology Certificate from the City & Guild's of London. He is also a member of the Institute of Electrical Engineers, U.K. (M.I.E.E.) Chartered Engineers (C.Eng).

He is an engineer by profession with more than twenty years working experience in the field of property development and management. He had previously worked with KTA Consulting Engineers as Project Engineer, Chung Khiaw Bank as Senior Property Officer, Lum Chang Group, Singapore as Property Manager and Waterfront group as Senior Property Manager. He joined Berjaya Land Berhad in November 1994 and was the Senior General Manager (Group Properties & Development) prior to his appointment as Executive Director of the Company. He also holds directorships in several other private limited companies in the Berjaya Group of Companies.

### DATO' MOHAMMED ADNAN BIN SHUAIB

64 years of age, Malaysian  
(Independent/Non-Executive)

He was appointed to the Board on 5 December 1990. He is an Advocate and Solicitor by profession. He served in the Federal Judicial and Legal Service from 1967 to 1979. He resigned from Government service in 1979 and joined Magnum Corporation Berhad as General Manager until 1981. He joined Messrs. Adnan, Sundra & Low, a legal firm, as a partner since 1982. He also holds directorships in Amanah Saham Kedah Berhad, EON CMG Life Assurance Berhad, Lam Soon (M) Berhad and several other private limited companies.

### DR. RAMACHANDRAN S/O RATNASINGAM

67 years of age, Malaysian  
(Independent/Non-Executive)

He was appointed to the Board on 5 December 1990. He holds a M.B.B.S. from the Madras Medical College, South India. He served with the Government from 1969 to 1975 in various hospitals and had set up a private practice, Klinik Ray, in 1979. He retired from the private practice in 1992 and is currently doing locum.

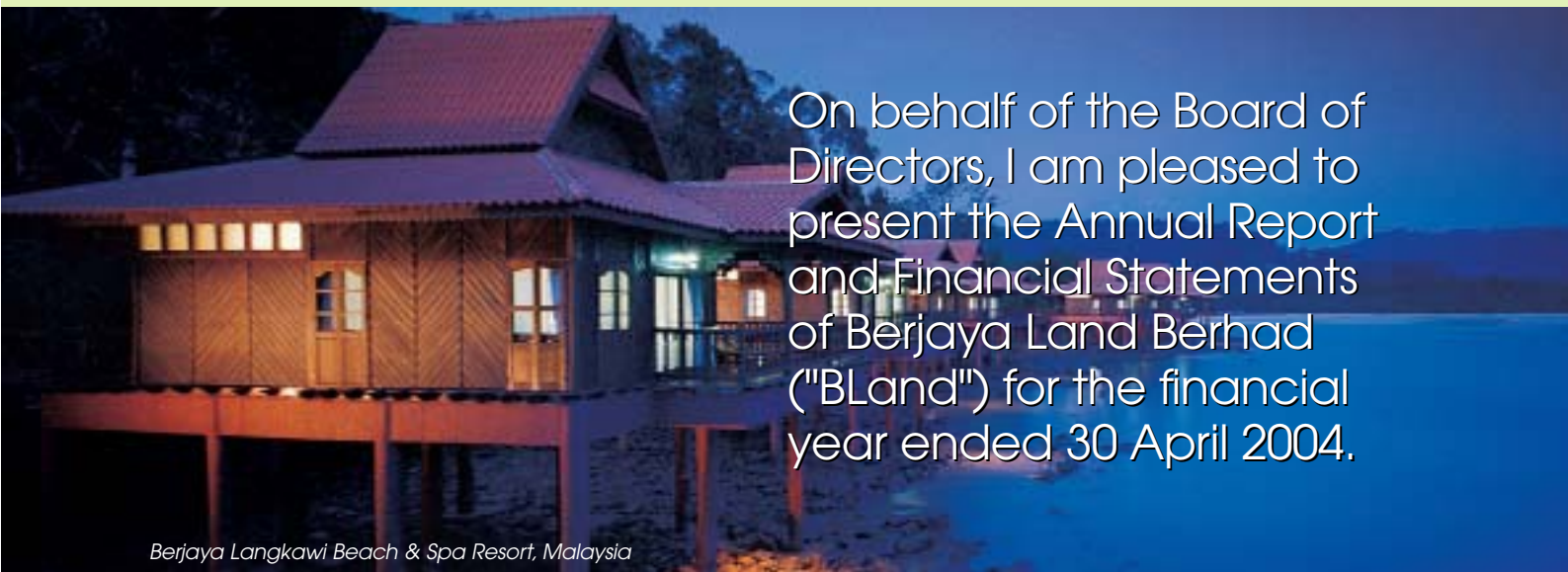
Save as disclosed, none of the Directors have:-

1. any family relationship with any Director and/or major shareholder of the Company;
2. any conflict of interest with the Company; and
3. any convictions for offences within the past 10 years other than traffic offences.





# CHAIRMAN'S STATEMENT



*Berjaya Langkawi Beach & Spa Resort, Malaysia*

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Berjaya Land Berhad ("BLand") for the financial year ended 30 April 2004.

## FINANCIAL RESULTS

For the financial year under review, the Group reported a revenue of RM776.9 million and a pre-tax profit of RM191.4 million as compared to RM1,500.4 million and RM293.9 million respectively in the preceding financial year ended 30 April 2003. The Group revenue and pre-tax profit were lower mainly due to the full impact arising from the deconsolidation of Berjaya Sports Toto Berhad ("BToto") as a subsidiary company for the financial year ended 30 April 2004. However, the reduction was partly mitigated by the increased revenue and pre-tax profit of the hotels and resorts division as a result of higher occupancy rates achieved in the financial year under review.

## DIVIDEND

On 22 June 2004, the Board declared a first interim dividend of 5% less 28% income tax payable on 20 September 2004. The total dividend declared in respect of the financial year ended 30 April 2004 amounted to 5% less 28% income tax (30 April 2003: NIL).

## CORPORATE DEVELOPMENTS

1. On 14 August 2003, BLand announced its intention to undertake a placement of up to 200 million BToto shares with the primary objective of paying down the inter-company advances owing to BToto. Subsequently, on 11 February 2004, the Company announced a revised proposal comprising an undertaking of a placement of up to 200 million BToto ordinary shares of RM1.00 each and/or up to RM200 million nominal value of BToto ICULS ("Proposed Disposal"). At an Extraordinary General Meeting ("EGM") held on 15 March 2004, shareholders of the Company approved the Proposed Disposal which is pending implementation and completion. As at 30 April 2004, the outstanding inter-company balances owing to BToto was RM916.223 million.

2. On 26 August 2003, the Company's parent company, Berjaya Group Berhad ("BGroup") announced a revision to its initial proposed restructuring exercise ("BGroup Revised Proposals") which include, amongst others, a proposed revision to the settlement of inter-company balance due to BLand ("BGroup Revised Proposals Announcement").

In the BGroup Revised Proposals Announcement, BGroup proposed that the inter-company balance due to BLand be settled through the issuance of approximately RM2,054 million 0% ICULS at the nominal value of RM0.50 each in Berjaya Corporation Sdn Bhd ("BCSB"), a company which will assume the listing status of BGroup ("0% BCSB ICULS"), instead of the previously announced 2% BCSB ICULS as full and final settlement of the inter-company balance due to BLand ("Proposed Revised BLand Inter-company Settlement").

There were no further changes made to the BLand Proposals as initially announced on 11 July 2002.

3. Subsequently on 2 August 2004, BLand announced a revised set of proposals ("BLand Revised Proposals") outlined as follows:-

(a) 1<sup>st</sup> Bonus Issue

A bonus issue from the share premium account of one (1) new BLand share for every one (1) existing BLand share held;

(b) Capital Repayment and Consolidation

A capital repayment of 80 sen in the form of 0% BCSB ICULS, for every one (1) BLand share held after the 1<sup>st</sup> Bonus Issue; and the consolidation of five (5) BLand shares of RM0.20 each held after the capital repayment above into one (1) BLand share of RM1.00 each;

## CHAIRMAN'S STATEMENT

### (c) 2<sup>nd</sup> Bonus Issue

A bonus issue from the retained earnings of three (3) new BLand shares for every two (2) existing BLand shares held after the consolidation above; and

### (d) Special Dividend-in-Specie

A special dividend-in-specie, in the form of 0% BCSB ICULS, the actual distribution per share to be decided by the Board of Directors, upon completion of (a), (b) and (c) above. The indicative gross distribution per share will be between 36 sen to 73 sen per share.

With a view to adding better shareholders' value from the above exercise, the original BLand Proposals that were announced on 11 July 2002 have been aborted.

4. In 1999, BLand undertook a debt restructuring scheme whereby it issued 5% BLand ICULS to 15 financial institutions and concurrently granted put options to these financial institutions ("Put Options").

the offer for sale exercise and an alternative solution had been proposed by BGroup to resolve the above matter.

The new proposal will involve compensating BLand with up to approximately 579.082 million 0% BCSB ICULS as full and final compensation for the termination of the assumption by BGroup of the Put Options in respect of the total of RM797.2 million 5% BLand ICULS.

5. On 21 November 2003, its subsidiary, Matrix International Berhad ("Matrix") announced that it has received letters of offer from the shareholders of Berjaya Times Square Sdn Bhd ("BTSSB") offering to sell their entire 100% equity interest in BTSSB comprising 320.614 million ordinary shares of RM1.00 each for a total purchase consideration of RM993.9 million to be satisfied by the issuance of 709.93 million new ordinary shares of RM1.00 each in Matrix at an issue price of RM1.40 per ordinary share of RM1.00 each ("Matrix Shares"), thereby resulting in BTSSB becoming a wholly-owned subsidiary of Matrix ("Proposed Acquisition"). As an integral part of the offer, Matrix will settle on



“...the Board declared a first interim dividend of 5% less 28% income tax payable on 20 September 2004.”

As at 30 June 2004, there are about RM797.2 million 5% BLand ICULS under the Put Options, of which RM305.8 million have already been exercised and accepted by Immediate Capital Sdn Bhd, a wholly-owned subsidiary of BLand, while RM491.4 million 5% BLand ICULS are still with the financial institutions.

Though all the Put Options obligation have been assigned to BGroup as an integral package of the proposals, BLand nevertheless is still primarily responsible to the financial institutions in relation to those Put Options, as these 5% BLand ICULS were converted from BLand's own debts due to the said financial institutions. At present, BGroup, however, is not in a financial position to assume this Put Options obligation as itself is undergoing a restructuring exercise. For the mutual benefit of both companies, BGroup and BLand had previously suggested a proposal to offer the 5% BLand ICULS under the Put Options obligation to shareholders of BLand and BGroup. Given the current low market price of the 5% BLand ICULS, it would not be feasible to implement

behalf of BTSSB the claims by the property purchasers which arose from the liquidated ascertained damages ("LAD") due to the late delivery of vacant possession of their units in Berjaya Times Square ("BTS") amounting to RM266.661 million by the issuance of 190.472 million new ordinary shares of RM1.00 each in Matrix at an issue price of RM1.40 per ordinary share of RM1.00 each to the property purchasers of BTS ("Proposed Debt Settlement"). The aggregate consideration to be satisfied by Matrix for the proposal will amount to RM1.261 billion. On 29 March 2004, Matrix had announced potential additional claims by LAD creditors totalling RM3.515 million which relates to the legally disputed cases that will increase the settlement of LAD claims up to RM270.176 million and up to 192.983 million new Matrix shares will be issued to settle LAD claims based on the issue price of RM1.40 per share.

On 7 May 2004, Matrix submitted a revised valuation report prepared by Messrs. Colliers Jordan Lee & Jaafar on the properties held by BTSSB, to the Securities

# CHAIRMAN'S STATEMENT

Commission, revising the market value of the said properties to RM1.90 billion as at 31 October 2003 from RM2.46 billion as stated in the initial valuation report dated 31 December 2003. Arising from this, the vendors of BTSSB has proposed to revise the purchase consideration for the acquisition of the entire issued and paid-up share capital of BTSSB from RM993.9 million initially to RM784.031 million. The revised purchase consideration shall be satisfied by the issuance of 560.022 million new Matrix shares at an issue price of RM1.40 per Matrix share instead of the issuance of 709.930 million new Matrix shares at an issue price of RM1.40 per Matrix share.

The proposals were approved by the relevant authorities on 16 July 2004, subject to inter alia the following terms and conditions:-

- (a) Matrix/BTSSB to obtain the approvals of the LAD creditors for the Proposed Debt Settlement as well as the lenders for the proposed restructuring of BTSSB's borrowings prior to the implementation of the Proposed Acquisition;
- (b) A moratorium on disposal is imposed on 280,011,133 new Matrix Shares to be received by a substantial shareholder of BTSSB, whereby he is not allowed to sell, transfer or assign the new Matrix Shares under moratorium for one year from the date of the new Matrix Shares are listed on Bursa Malaysia Securities Berhad. Thereafter, he is allowed to sell, transfer or assign only up to a maximum of 1/3 per annum (on a straight-line basis) of the Matrix Shares under moratorium;
- (c) All non-trade debts owing to the BTSSB group of companies by its directors, substantial shareholders and other companies controlled by the directors and substantial shareholders must be settled prior to the implementation of the Proposed Acquisition;
- (d) Matrix is to increase its Bumiputera equity percentage by 2.34% of its enlarged issued and paid-up share capital, by 31 December 2005; and
- (e) Matrix is to further increase its Bumiputera equity percentage by 3.66% of its enlarged issued and paid-up share capital within two years from the date of the implementation of the Proposed Acquisition and Proposed Debt Settlement.

▼ KL Plaza, Kuala Lumpur

On 27 August 2004, BTSSB informed Matrix that it has obtained the requisite approval via a court convened meeting of the LAD creditors pursuant to a scheme of arrangement under Section 176 of the Companies Act 1965 Act in relation to the Proposed Debt Settlement. Matrix will now proceed to seek the other regulatory approvals.

The Proposed Acquisition will upon completion, transform the business of Matrix from currently a gaming business into a property investment business resulting in a significant change in business direction as well as the dominant shareholder of Matrix.

The principal activities of BTSSB are property investment and development. The company is the developer and registered owner of BTS which is located at Jalan Imbi and is situated on a freehold land. The construction of BTS was completed in July 2003 at the cost of about RM1.9 billion and was officially opened by the then Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad on 29 September 2003.

6. On 2 March 2004, Bland announced that its wholly-owned subsidiary, Selat Makmur Sdn Bhd ("SMSB") had submitted a proposal to Selangor Turf Club ("STC") in response to STC's invitation to interested parties to submit proposals for the acquisition of the Sungai Besi Land (as defined below) and the relocation of the existing STC. SMSB was subsequently selected by STC as the successful bidder. Subsequently, the Company announced that SMSB had on 19 July 2004:-

- (a) Entered into a conditional sale and purchase agreement with STC for the proposed acquisition of three parcels of leasehold land measuring a total area of 244.7926 acres located in Sungai Besi together with all existing buildings and

Plaza Berjaya, ►  
Kuala Lumpur



# CHAIRMAN'S STATEMENT

structures erected thereon ("Sungai Besi Land") from STC for a total consideration of RM640.0 million to be satisfied by:-

- (i) Cash payment of RM35.0 million; and
  - (ii) Transfer of the approximately 750.0 acres of freehold Sungai Tinggi Land together with a new racecourse and ancillary buildings to be erected thereon (including an equestrian sports centre and infrastructure amenities) and the sub-divided vacant lots (collectively referred to as the "New Turf Club") with an agreed value of RM605.0 million;
- (b) Issued a Letter of Offer to BerjayaCity Sdn Bhd (formerly known as Eminent Capital Sdn Bhd) ("BSB"), a wholly-owned subsidiary of BGroup, to acquire two parcels of freehold land measuring a total area

The Informatics Group, established in 1983, is a multinational corporation providing lifelong learning services in information technology and business management. Through its international franchising and licensing programmes and strategic acquisitions, Informatics presently has a network of over 647 centres spanning 50 countries and territories on all major continents.

The investment by BLeisure represents a significant stake in a listed education group providing multi-discipline education programmes to students in many parts of the world.

## FUTURE OUTLOOK

Barring unforeseen circumstances, the Directors anticipate that the results for the current financial year ending 30 April 2005 will remain satisfactory.

*Bukit Jalil Golf & Country Resort, Malaysia ▼*



of approximately 750.0 acres located in Sungai Tinggi ("Sungai Tinggi Land") from BSB and to appoint BSB as the turnkey contractor to carry out the construction of the New Turf Club on the Sungai Tinggi Land for SMSB for a total cash consideration of RM605.0 million.

7. On 2 July 2004, the Company announced that its wholly-owned subsidiary, Berjaya Leisure Capital (Cayman) Limited ("BLeisure") became a substantial shareholder of Informatics Holdings Ltd ("Informatics"), a company listed on the Main Board of the Singapore Stock Exchange. BLeisure currently owns a total of 83,471,000 ordinary shares of Singapore Dollar ("S\$") 0.05 each ("Shares") representing 26.62% of the existing issued and paid-up share capital of Informatics of 313,600,000 Shares.

## APPRECIATION

On behalf of the Board, I wish to extend our deepest appreciation to the management, staff as well as agents for their dedication, hard work and commitment. To all our customers, shareholders, business associates and financiers, I wish to express our sincere appreciation for their continuous co-operation and support.

To all my fellow colleagues on the Board, I thank them for active participation in the Board's deliberations and their counsel and guidance in the past year and look forward to their continued support in the future.

## TAN SRI DATO' THONG YAW HONG

Chairman  
9 September 2004



# CEO'S REVIEW OF OPERATIONS



## HOTELS AND RESORTS DEVELOPMENT

The Hotels and Resorts Division were off to a slow start during the financial year under review as it was plagued by the spillover effects of the war in Iraq and the Severe Acute Respiratory Syndrome ("SARS") outbreak from the previous year. The unfavourable effects continued to disrupt the travel industry in the first quarter of the financial year.

Despite the adverse events, the division registered an encouraging growth in revenue and profit margins. Total occupancy rate and average room rate increased by 6% and RM15.00 respectively as compared to the previous financial year.

The Hotels and Resorts overseas division continued to show an improving trend with more than 50% contribution to the total revenue. The resorts in Seychelles, Mauritius and Sri Lanka, in particular, registered a significant rise in occupancy and average room rates. This was mainly due

to a shift by the European visitors away from the South East Asian destinations perceived to be plagued with uncertainties and terrorists' threats.

On the local front, the Group maintained its marketing strategy to focus on its domestic market segment with active participation in local trade shows and the aggressive promotion of the affordable "All Inclusive" packages.

Berjaya Times Square Hotel & Convention Centre was officially opened in September

2003. Located in the heart of the Golden Triangle, this is the Group's first five-star city hotel with 900 units of fully furnished suites. The Hotel boasts three food and beverage outlets, 10 function rooms and a 'pillarless' ballroom with a 2,700-seating capacity.

On 3 May 2004, Prime Minister, YAB Dato' Seri Abdullah Ahmad Badawi officiated the Pulau Redang airstrip. This new airstrip has paved the way for direct flight services into the island, thus improving the accessibility to the Group's resorts on the island. Berjaya Air provides daily flights to the island from Lapangan Terbang Sultan Abdul Aziz Shah, Subang. Travelling time is cut short to a mere 75 minutes and is available all year round.

The new 130-room extension at Berjaya Redang Beach Resort which is expected to be completed in the current financial year, will have a positive contribution to the Division's bottom line.

Berjaya Langkawi Beach & Spa Resort has completed 28 units of its 100-room extension plan. The newly completed suites are catered for the high-end segment which yield better margins. The Resort will continue to contribute encouraging returns with more suites added into the room inventory.

## VACATION TIMESHARE

For the year ended 30 April 2004, revenue for Berjaya Vacation Club Berhad ("BVC") increased by 26.45% to RM46.2 million from RM36 million recorded in the previous year. The setting up of a new sales division, keen participation at travel fairs and aggressive promotions attributed to the increase.

Following the good response received from members on the tie-up between BVC and other affiliated hotels since 2001, BVC has continued to expand its affiliated hotels' list from 36 locations last year to 50 this year, both local and overseas. The new affiliations include vacation destinations in China, Myanmar and Indonesia. In addition to Berjaya-owned hotels and resorts, BVC members have now over 70 destinations to choose from for their dream vacations. To further add value to its memberships, BVC plans to expand its affiliation to Hong Kong, Japan, New Zealand and the USA in the upcoming year.

◀ *Berjaya Times Square,  
Kuala Lumpur*



## CEO'S REVIEW OF OPERATIONS



▲ *Green Avenue Condominiums, Kuala Lumpur*



◀ *Seputeh Heights, Kuala Lumpur*

During the year under review, BVC had focused on a continuous staff-training program to improve the overall customer service quality. As part of this program, staff from the Member Services Department were sent for training on areas related to their job scope. Some were sent to affiliate hotels for a 'familiarisation tour', thus equipping them with better product knowledge. This would enable them to serve customers better.

Currently, BVC is planning to roll out a VIP membership scheme, targeting the higher income group.

Generally, the vacation timeshare market is expected to sustain. However, it will be more competitive with new entrants into the market. BVC's three sales divisions namely Deck Sales, *Home-Sits* and Agency Sales are expected to extend its reach in the market and increase market share.

### CLUBS AND RECREATION

During the financial year ended 30 April 2004, the overall performance of the Group's Clubs and Recreation Division has been encouraging despite stiff competition from the other clubs in the vicinity. The Division recorded a gross

revenue of RM57 million with a total of 1,200 new members recruited during the financial year under review.

To maintain its competitiveness, the Clubs had resorted to innovative marketing plans including competitive pricing, incentives and easy payment schemes to attract potential members. Various recreational activities such as family carnivals, outdoor cinemas, golf tournaments and contests were organised to encourage the club members and members of the public to patronize the club.

The Clubs were constantly carrying out maintenance and upgrading works to ensure that their facilities are in tip-top condition. Some of the major enhancements included the implementation of the On-Pin GPRS Golf Systems at Staffield Country Resort, replacement of golf buggies at both Bukit Jalil Golf & Country Club and Staffield Country Resort and the construction of new horse stables at Bukit Kiara Equestrian & Country Resort.

### DESA WATERPARK

For the year ended 30 April 2004, Desa WaterPark recorded an increase of 13% in revenue mainly due to the increase in corporate sales and walk-in customers, following effective sales and marketing efforts implemented during the year under review.

Currently, the park is experiencing increasing demand among corporate clients to hold company events at the park. Having the facilities and the experience in handling and hosting big events, Desa WaterPark is well positioned among its competitors to be the choice venue for big

# CEO'S REVIEW OF OPERATIONS

corporations and multinational companies to host their corporate functions.



## BERJAYA AIR

For the financial year ended 30 April 2004, revenue for Berjaya Air Sdn Bhd surged to RM22.8 million, a 27% increase from RM18 million recorded in the previous financial year while net operating profit achieved was RM3.2 million.

During the year under review, there was a 20% increase in overall number of passengers. Among the new routes introduced, the company commenced flights to Padang, Indonesia in May 2003 and Pulau Redang, in February 2004. The direct flights to Pulau Redang received tremendous response due to the shorter travel time and the company had achieved an average of 80% passenger loading. In addition to Padang and Pulau Redang, Berjaya Air also operates regularly scheduled flights to other destinations including Pulau Pangkor, Pulau Tioman, Koh Samui (Thailand), Melaka and Singapore (Seletar).

The company is looking forward to increasing frequencies of flights and to seek new routes to further improve its competitiveness.

## PROPERTY INVESTMENT

The occupancy rates for the Group's investment properties for the financial year 2004 and 2003 were as follows:-

Property	Financial Year	
	2004	2003
KL Plaza, Kuala Lumpur	92%	92%
Plaza Berjaya, Kuala Lumpur	71%	82%
Kota Raya Complex, Kuala Lumpur	83.9%	94%
Wisma Cosway, Kuala Lumpur	79%	79%
Berjaya Megamall, Kuantan	92.2%	95.5%

*The Brooklyn Suite at Berjaya Times Square Hotel & Convention Centre, Kuala Lumpur*



*Berjaya Air introduced direct flights to Pulau Redang in February 2004*

For the financial year ended 30 April 2004, the Group's complexes managed to maintain their overall performances. Despite certain complexes registering drops in occupancy rates, revenue for all the complexes increased mainly due to aggressive promotions and higher rental rates charged upon renewal and new tenancies secured. Kota Raya Complex registered the highest jump in revenue while KL Plaza, Plaza Berjaya, Wisma Cosway and Berjaya Megamall managed to improve slightly on both revenue and profit before tax.

The Group remain confident of its complexes' performance due to their strategic locations which will continue to offer growth opportunities to retailers targeting tourists and local shoppers. KL Plaza, Plaza Berjaya, Kota Raya Complex and Wisma Cosway are all located at high traffic areas in the heart of Kuala Lumpur whilst Berjaya Megamall is looking forward to maintaining its position as the biggest one-stop complex in the East Coast region. In the forthcoming financial year, the complexes will undergo various refurbishment activities and facilities upgrading to increase their competitiveness.

## PROPERTY DEVELOPMENT

### PROPERTY MARKET OVERVIEW

The year 2003 started off in a particularly challenging manner for businesses around the world. Likewise, the Malaysian economy was not spared from the effects of geopolitical uncertainties and the outbreak of the SARS; causing the economy to slow down dramatically. The construction industry was also badly hit by escalating costs and severe shortage of selected building materials.



# CEO'S REVIEW OF OPERATIONS



Thankfully, the government's quick response in introducing the RM7.3 billion Economic Stimulus Package in May 2003 managed to cushion the slowdown and place the economy firmly on the path to recovery. The waiver of stamp duty and real property gains tax provided for in the stimulus package spurred housing demand and the second half of 2003 saw increased property development activities. In addition, the Government's unrelenting efforts via various fiscal and monetary policies also boosted consumer sentiments and at the same time spurred local demand and spearhead domestic investments.

Against the backdrop of reviving demand for residential properties and improved investor sentiments, the Property Division had intensified its efforts to plan and launch various developments for the financial year ended 30 April 2004. The Division also embarked on a quest to enhance new projects with creative innovations, aesthetic designs and modern amenities to suit the current lifestyle requirements.

Spurred by the Economic Stimulus Package, there was renewed interest in properties launched prior to this financial year. During the year under review, the Property Division generated a total sales value of RM208 million.

## ON-GOING PROJECTS

Leveraging on the strong demand for affordable residential units in the country's most vibrant market, the Klang Valley, the Property Division focused on the development of residential projects on BLand's major land banks within Wilayah Persekutuan and Selangor.

During the financial year under review, a total of 2,174 units of property were launched and/or were under various stages of construction.

A total number of 909 units comprising 689 units at *Arena Green Phase 2*, 210 units at *Kinrara Ria* at **Taman Kinrara Seksyen 4** and 10 units of semi-detached houses at **Taman Cemerlang** were successfully completed and handed over to purchasers.

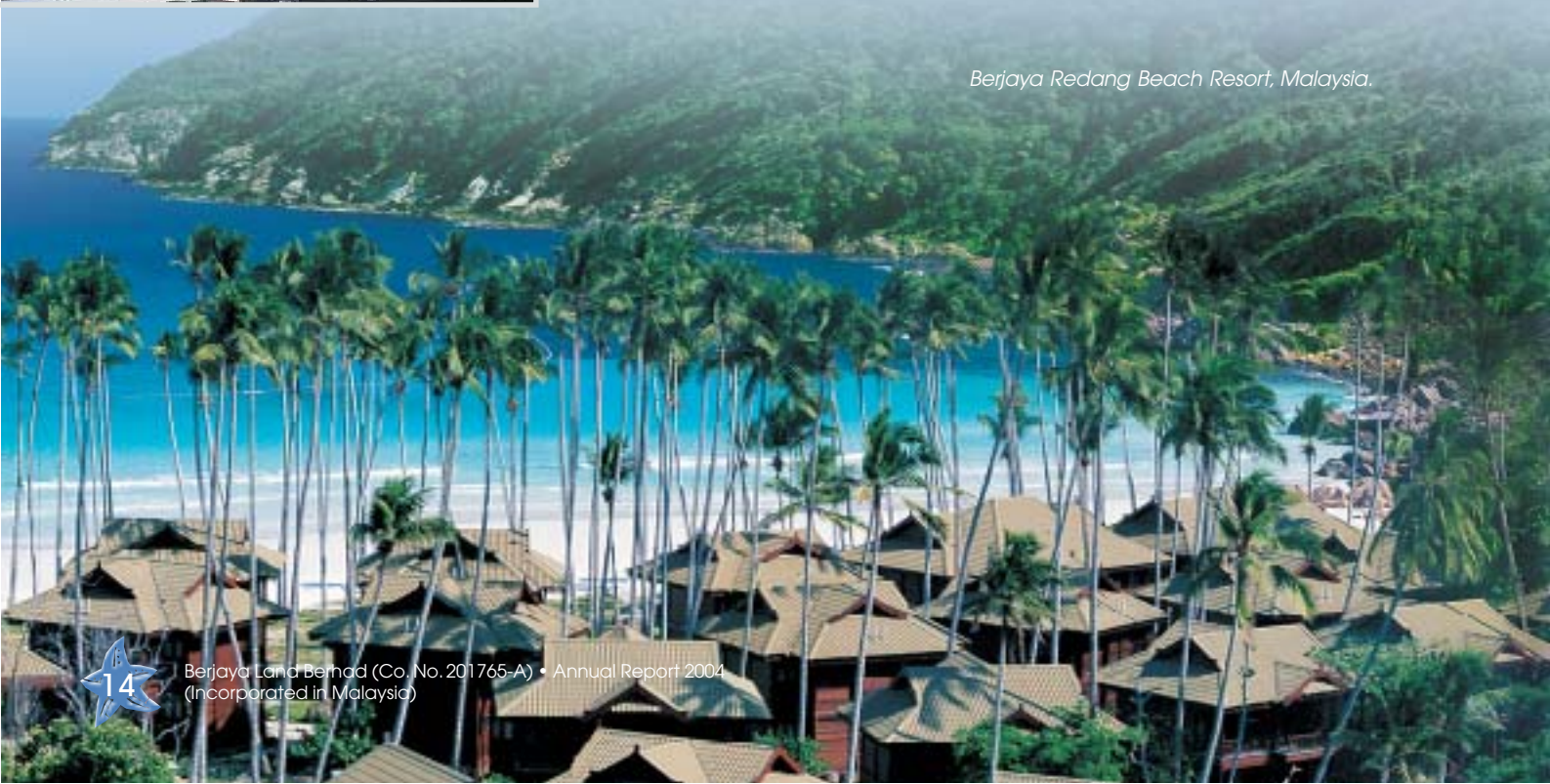
Following the very successful launch of *Arena Green Apartments* within Bukit Jalil Golf & Country Resort, *Green Avenue Condominiums* comprising 390 units of well-designed medium cost apartments were placed in the market for sale due to good response. Within eight months of its launch, sales reached 96% with a sales value of RM72 million.

In October 2003, *Petaling Indah Condominium's* last block of low medium cost apartment was launched. Priced at an average of RM90,000 per unit, all 128 units were snapped up within a week after launch generating a total sales value of RM11.52 million.



◀ *Berjaya Eden Park Hotel, London*

*Berjaya Redang Beach Resort, Malaysia.*







▲ *Berjaya Mahe Beach Resort, Seychelles*

The balance of the 30 units of double-storey houses, *Tulips* at **Taman Kinrara Sekyen 4**, were offered to *bumiputera* purchasers at prices from RM118,000 onwards. To-date, all 30 units valued at RM3.72 million have been sold.

To fulfil its social responsibilities to provide accommodation to the needy, the Division launched 100 units of low-cost apartment priced at RM42,000 per unit at **Taman Cemerlang**. All 100 units have been sold to qualified purchasers and construction is expected to be completed by January 2005. Also completed were some 210 units of low cost apartments at **Taman Kinrara Seksyen 4**, which were handed over to purchasers in May 2004.

Apart from the new launches, a few schemes unveiled in the previous year also have been re-launched via weekend sales launches, participation in property fairs and exhibitions and joint promotions with bankers/financiers. The higher-end, up-market gated and guarded residential bungalow development at **Seputeh Heights** and **Cemerlang Heights** continued to enjoy consistent take-up rates while **Subang Heights** was an over-whelming success. *Maple*, the double storey houses at **Berjaya Park** also enjoyed brisk sales.

Outside Klang Valley, the last batch of landed property at *Taman UPC*, Air Hitam was launched. The 16 units of single-storey houses with built-up areas of 20' x 65' and 20' x 90' are priced from RM89,800 onwards. Together with the new launch, sales of other completed units in the southern region amounted to RM6.5 million for the year under review. The three-storey shophouses at *Kim's Park* and the industrial factories at *Bukit Banang*, Batu Pahat recorded 90% sales.

#### PROJECTS COMING ON-STREAM

The Property Division will launch its first-ever commercial development within **Bukit Jalil Golf & Country Resort** in the forthcoming year. Sprawled over 5.82 acres, the development will showcase over 250 units of signature



▶ *Arena Green Apartments, Kuala Lumpur*

retail and office lots. Stylishly designed as a commercial cum leisure hub, these units will offer ambiance for al-fresco dining, fashionable cafes and modern offices. The large population catchment and the easy accessibility via a series of roads will render this commercial development a much sought-after property.

Another development within Bukit Jalil is Phase 1 of PS3 comprising 408 units of condominiums priced at an average of RM250,000 per unit is scheduled to be launched in the first quarter of 2005.

*The Peak* at **Taman TAR**, a prestigious bungalow lots development located at a high-end enclave of **Taman TAR** will be launched in the current financial year 2005. The gated development, aesthetically planned in terms of infrastructure, amenities, concept and layout will attract the niche market of high net worth urban individuals seeking residence in a development offering an environment of peace and tranquility, yet designed to provide the modern day facilities.

#### MARKET OUTLOOK

The forthcoming year looks promising for the property market. With the brighter economic outlook, the prospects for a revitalised property sector are very good. In addition, the economic indicators have projected a positive growth in the country's economy.



# SPORTS TOTO



EVERY WEDNESDAY SATURDAY



▲ Sports Toto - A Toto draw in progress

◀ NASB's gaming outlet in Sibul, Sarawak

The demand for residential properties is expected to remain strong, underpinned by favourable demographics and mortgage environment of low interest and the availability of financing. The demand is also driven by rising urbanisation as greater economic opportunities available in urban centers continue to attract in-migration to urban areas. Klang Valley shall continue to dominate as the most vibrant market with further improvement in accessibility via a series of new highways that will spur development and success of new growth areas.

The Division will strive to pursue its strategy to innovate and offer a comprehensive range of property products from mass affordable housing to high-end niche for house buyers, with emphasis on value-added features.

### GAMING

#### MATRIX INTERNATIONAL BERHAD ("MATRIX")

For the financial year ended 30 April 2004, the Matrix group recorded a lower revenue of RM156.7 million and a pre-tax profit of RM15.5 million as compared to RM179.4 million and RM17.9 million respectively in the previous year.

The decrease in revenue and pre-tax profit were mainly due to the impact of the deconsolidation of Sabah Flour and Feed Mills Sdn Bhd ("SFFM") as a subsidiary company since September 2002 after the disposal of the entire equity interest in SFFM by the group. Furthermore, the group

reported an exceptional gain of RM2.5 million on the disposal of SFFM in the previous financial year ended 30 April 2003.

For the financial year ended 30 April 2004, the group's wholly-owned principal subsidiary, Natural Avenue Sdn Bhd ("NASB") registered a total revenue of RM156.7 million and pre-tax profit of RM14 million, compared to a revenue of RM138.1 million and pre-tax profit of RM14 million for the year ended 30 April 2003. The revenue growth of 13.4% was achieved despite having three fewer draws in the financial year under review and increase in state sales tax from 5% to 10% effective 1 January 2004. The growth was mainly attributed to the effective implementation of image building and product promotion programmes. The relocation of the draw hall from the remote site at the Turf Club to the newly acquired premises in the Kuching Commercial Centre has also enhanced the credibility of the draws and provides better public exposure for the game as well.

Pre-tax profit however remained unchanged at RM14 million due to a higher prize payout during the financial year as compared to the previous year.

#### BERJAYA SPORTS TOTO BERHAD ("BToto")

For the financial year under review, the BToto group registered a revenue of RM2.48 billion, representing an increase of 12.2% compared to RM2.21 billion in the

# CEO'S REVIEW OF OPERATIONS

previous financial year and a pre-tax profit of RM437.99 million, an increase of 11% compared to RM393.58 million in the previous year. The increase in revenue and pre-tax profit was mainly attributed to its principal subsidiary, Sports Toto Malaysia Sdn Bhd ("Sports Toto") achieving a significant increase in the sales of the 4-Digit game. During the year under review, Sports Toto also had two draws more than the previous financial year.

Profit after tax and minority interests for the year, however, declined 46.4% from RM257.50 million to RM138.04 million mainly due to the write off of the brought forward debit balance minority interests of RM151.9 million. The minority interests written off represent accumulated losses allocated to the minority corporate shareholder, Berjaya Group (Cayman) Ltd. by virtue of its 48.5% equity share in Berjaya Lottery Management (HK) Limited. These accumulated losses were written off as the minority corporate shareholder had indicated that it no longer wished to participate further in the said investment. The accumulated losses were mainly derived from the group's overseas lottery management services contracts and unsuccessful bids for such contracts in countries such as China, Taiwan, Russia, Papua New Guinea, Ghana and the Dominican Republic. These service contracts have been discontinued since. The minority interests issue is a historical accounting item that does not affect the cash flow of the company for financial year 2004 and dividend payment going forward nor does it affect its business fundamentals in any way.

## FUTURE OUTLOOK

For the current financial year ending 30 April 2005, the Hotels and Resorts Division is anticipated to perform better as the industry recovers gradually from post-SARS and the war in Iraq. We believe that the leisure business will improve alongside regained consumer confidence in the travel industry as well as the country's economy. We will continue to capitalize on our marketing and promotions activities and at the same time, improve on customer service levels.

As the Group anticipates more challenging times for the vacation timeshare industry with new entrants into the market, BVC aims to sustain its competitiveness with a dynamic sales team and increased value to its range of products.

The property investment division is expected to perform better for the financial year ending 30 April 2005. Upgrading and refurbishment activities are constantly being carried out at the various complexes during the year. Innovative marketing strategies and promotion will also be implemented to increase traffic at the complexes.

We are also confident of a better performance as demand for the property market continues to be driven by the country's strong fundamentals including strong gross domestic product growth and a rising population. Leveraging on the strong demand for affordable residential units in the country's most vibrant market, the Klang Valley, the property development division will continue to focus on the development of residential projects on the Group's major land banks within the Wilayah Persekutuan and Selangor. We will also continue to assess the relevance of the business model in response to the changing market and business environment.

With the Group securing the appointment to relocate and build the new Selangor Turf Club's premise in Sungai Tinggi, Ulu Sungai District, Selangor through its subsidiary, Selat Makmur Sdn Bhd, this will offer spin-off benefits and development potential for the area in the northern part of Selangor. The division is also contemplating to undertake a mixed development comprising 6,000 units of shop offices, shops, apartments, bungalow lots, condominiums and shopping mall with a preliminary development value estimated at RM6.3 billion over a 10-year period on the current 244.8 acres of Selangor Turf Club land at Sungai Besi. Barring unforeseen circumstances, the property development division is expected to continue to perform satisfactorily for the coming year.

The gaming sector, being a highly regulated industry will continue to be driven by consumer spending which is expected to increase in view of the recovery of the country's economy. Sports Toto, which has the largest network and most number of games in the country will continue to perform well and is confident of maintaining a stronghold in the industry.

The proposed acquisition of Berjaya Times Square Sdn Bhd ("BTS") by the Matrix group, upon completion, will transform the business of Matrix from currently gaming into property investment. The injection of BTS into the Matrix group, anticipated to be completed in the third quarter of the current financial year, will dilute the Group's interest in Matrix from a subsidiary to a simple investment. As a result, the Group would not be able to consolidate the results of Matrix upon completion of the exercise.

## DATO' ROBIN TAN

Chief Executive Officer  
9 September 2004



# CORPORATE STRUCTURE

of main operating companies as at 30 August 2004

## BERJAYA LAND BERHAD

### Vacation Timeshare, Hotels, Resorts and Recreation Development



## Property Investment and Development

100%	GEMILANG CERGAS SDN BHD * Pines Condominiums, Kuala Lumpur	100%	NURAL ENTERPRISE SDN BHD * Plaza Berjaya, Kuala Lumpur
100%	SECURISERVICES SDN BHD * Petaling Indah Condominiums, Kuala Lumpur	100%	NOBLE CIRCLE (M) SDN BHD * Menara Berjaya, KL Plaza, Kuala Lumpur
100%	SEMANGAT CERGAS SDN BHD * Ixora Apartments, Kuala Lumpur	100%	KOTA RAYA DEVELOPMENT SDN BHD * Kota Raya Complex, Kuala Lumpur
100%	TIRAM JAYA SDN BHD * Sri Pelangi Apartments/Condominiums, Kuala Lumpur	100%	B.T. PROPERTIES SDN BHD * Kim's Park Business Centre, Batu Pahat, Johor
100%	KLASIK MEWAH SDN BHD * Sri Indah Court, Johor Bahru	52.6%	AMAT MUHIBAH SDN BHD * Desa WaterPark, Kuala Lumpur
100%	CEMPAKA PROPERTIES SDN BHD * Sri Dagangan Kuantan Business Centre, Kuantan * Berjaya Megamall, Kuantan		
100%	BERJAYA PROPERTY MANAGEMENT SDN BHD		
100%	TAMAN TAR DEVELOPMENT SDN BHD * Bukit TAR, Ampang		
100%	BERJAYA LAND DEVELOPMENT SDN BHD * Klang Lama Business Park, Kuala Lumpur * Gemilang Indah Apartments, Kuala Lumpur * Medah Indah, Kota Tinggi * Taman UPC, Ayer Hitam * Bandar Banang Jaya, Batu Pahat * Robson Condominiums, Kuala Lumpur		
100%	SELAT MAKMUR SDN BHD * Seputeh Heights, Kuala Lumpur * Subang Heights, Shah Alam, Selangor		
100%	INDRA EHSAN SDN BHD * Taman Cemerlang, Gombak, Selangor		
100%	SRI PANGLIMA SDN BHD * Taman Kinara IV, Puchong, Kuala Lumpur		
80%	PAKAR ANGSANA SDN BHD * Berjaya Park, Shah Alam, Selangor		
70%	CERAH BAKTI SDN BHD * Menara Greenview, P.Pinang * Desa University, P.Pinang		
39.18%	WORLD SQUARE PTY LIMITED * World Square, Sydney, Australia		

## Gaming and Lottery Management

38.85%	BERJAYA SPORTS TOTO BERHAD
100%	SPORTS TOTO MALAYSIA SDN BHD
51.5%	BERJAYA LOTTERY MANAGEMENT (HK) LIMITED
71.43%	INTERNATIONAL LOTTERY & TOTALIZATOR SYSTEMS, INC., USA
70.04%	PRIME GAMING PHILIPPINES, INC.
100%	PHILIPPINE GAMING MANAGEMENT CORPORATION
100%	BERJAYA INTERNATIONAL CASINO MANAGEMENT (SEYCHELLES) LIMITED
51.99%	MATRIX INTERNATIONAL BERHAD
65%	Natural Avenue Sdn Bhd
100%	Sublime Cartel Sdn Bhd

- LISTED COMPANIES
- ASSOCIATED COMPANIES
- ‡ COMBINED INTEREST
- @ EFFECTIVE INTEREST

# GROUP FINANCIAL SUMMARY

Description	2004 US\$'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000
Revenue	204,448	776,904	1,500,363	2,961,807	2,773,246	2,760,887	2,601,487	2,615,931
Profit Before Taxation	50,366	191,392	293,938	287,936	319,832	305,714	431,255	564,143
Profit After Taxation & Minority Interests	24,719	93,935	134,358	23,910	55,426	57,642	216,811	344,027
Extraordinary Items	-	-	-	-	-	-	-	220
Profit Attributable To Shareholders	24,719	93,935	134,358	23,910	55,426	57,642	216,811	344,247
Share Capital	228,204	867,175	867,170	866,646	835,067	819,457	693,246	693,207
Share Premium	245,827	934,144	934,141	934,105	915,465	903,560	831,059	831,003
Reserves	422,603	1,605,889	1,541,374	1,620,656	1,651,991	1,637,228	1,617,576	1,455,175
Shareholders' Equity	896,634	3,407,208	3,342,685	3,421,407	3,402,523	3,360,245	3,141,881	2,979,385
Minority Interests	33,226	126,260	127,235	605,710	459,580	400,660	359,121	190,776
Capital Funds	929,860	3,533,468	3,469,920	4,027,117	3,862,103	3,760,905	3,501,002	3,170,161
ICULS	154,910	588,659	640,993	894,458	944,049	971,345	7,934	8,000
Deferred Taxation	43,999	167,197	140,878	142,590	104,244	109,291	115,910	110,784
Deferred Liabilities	464,015	1,763,257	1,892,239	665,448	684,534	706,139	1,539,654	1,423,352
Current Liabilities	204,740	778,012	703,316	1,150,244	1,295,231	1,359,173	1,358,573	1,719,938
	1,797,524	6,830,593	6,847,346	6,879,857	6,890,161	6,906,853	6,523,073	6,432,235
Property, Plant And Equipment	425,483	1,616,838	1,659,817	1,800,521	1,732,283	1,714,071	1,680,385	1,531,546
Intangible Assets	38,913	147,872	158,562	1,393,768	1,291,884	1,283,870	1,267,030	1,471,040
Non-Current Assets	583,191	2,216,124	3,766,726	2,234,985	2,562,727	1,289,553	1,216,035	1,035,291
Current Assets	749,937	2,849,759	1,262,241	1,450,583	1,303,267	2,619,359	2,359,623	2,394,358
Total Assets	1,797,524	6,830,593	6,847,346	6,879,857	6,890,161	6,906,853	6,523,073	6,432,235
Net Tangible Assets Per Share (US\$/RM)	0.99	3.76	3.67	2.34	2.53	2.53	2.70	2.18
Net Assets Per Share (US\$/RM)	1.03	3.93	3.85	3.95	4.07	4.10	4.53	4.30
Gross Earnings Per Share (US\$/RM)	0.06	0.21	0.25	0.14	0.15	0.18	0.32	0.63
Net Earnings Per Share (US\$/RM)	0.03	0.11	0.16	0.03	0.07	0.08	0.31	0.53
Net Earnings Including Extraordinary Items Per Share (US\$/RM)	0.03	0.11	0.16	0.03	0.07	0.08	0.31	0.53
Dividend Rate (%)	5	5	-	2.5	2.5	3.5	5	12
Dividend Amount (US\$'000/RM'000)	8,215	31,218	-	15,599	15,027	20,828	24,957	59,810

## Note:

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

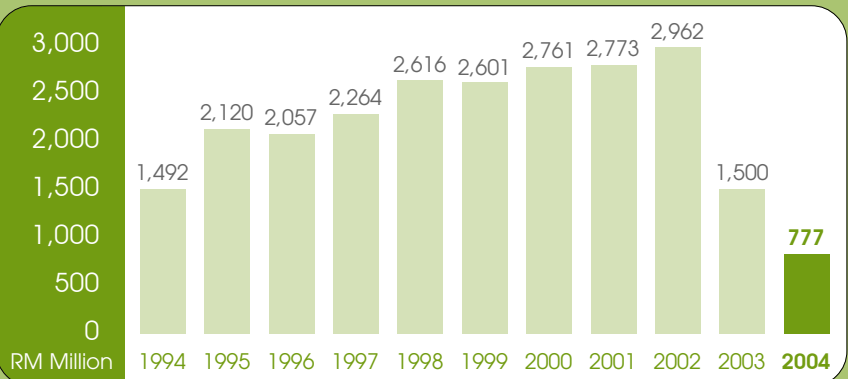
Exchange rate: US\$1.00=RM3.80



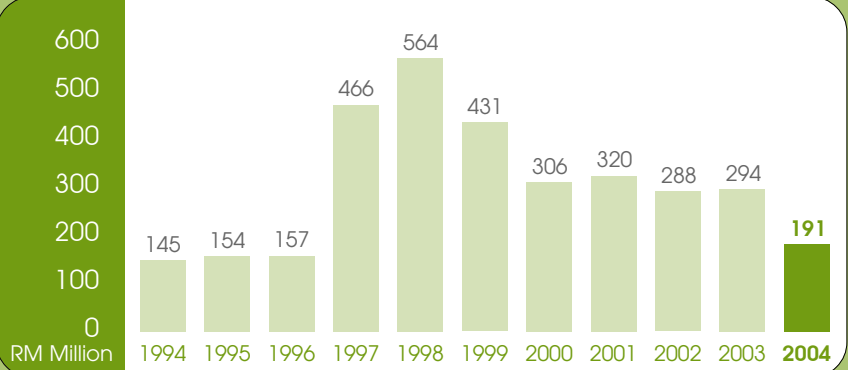
# GROUP FINANCIAL HIGHLIGHTS

	1997 RM'000	1996 RM'000	1995 RM'000	1994 RM'000
	2,263,934	2,056,945	2,119,505	1,491,674
	465,737	157,389	154,493	144,842
	251,605	26,221	40,967	43,375
	2,568	236,745	10,976	9,464
	254,173	262,966	51,943	52,839
	620,909	455,600	451,395	410,360
	683,010	407,996	402,316	342,898
	1,079,327	908,715	688,654	681,982
	2,383,246	1,772,311	1,542,365	1,435,240
	118,601	114,562	220,277	180,117
	2,501,847	1,886,873	1,762,642	1,615,357
	16,993	142,140	-	-
	59,243	30,533	27,978	26,845
	1,078,905	712,974	644,242	798,752
	1,563,338	1,028,313	1,706,548	1,121,467
	5,220,326	3,800,833	4,141,410	3,562,421
	1,221,557	1,069,475	995,429	792,202
	1,488,966	898,211	1,000,210	960,059
	929,462	779,802	698,165	593,689
	1,580,341	1,053,345	1,447,606	1,216,471
	5,220,326	3,800,833	4,141,410	3,562,421
	1.44	1.92	1.20	1.16
	3.84	3.89	3.42	3.50
	0.61	0.15	0.14	0.18
	0.48	0.06	0.09	0.11
	0.48	0.58	0.12	0.13
	21	12.5	12	15
	88,298	42,023	37,917	44,646

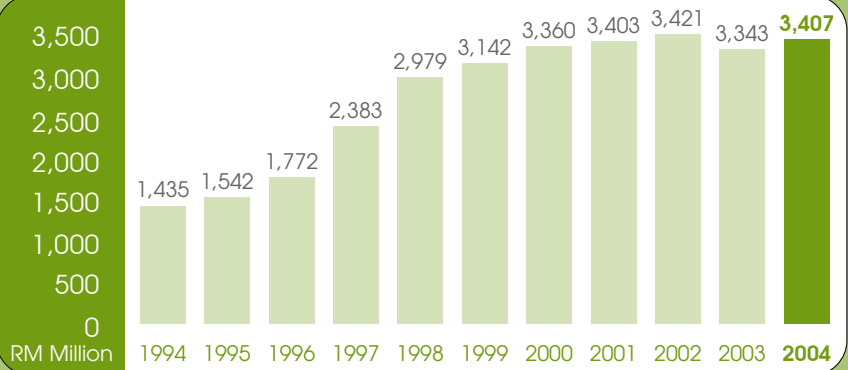
## Revenue



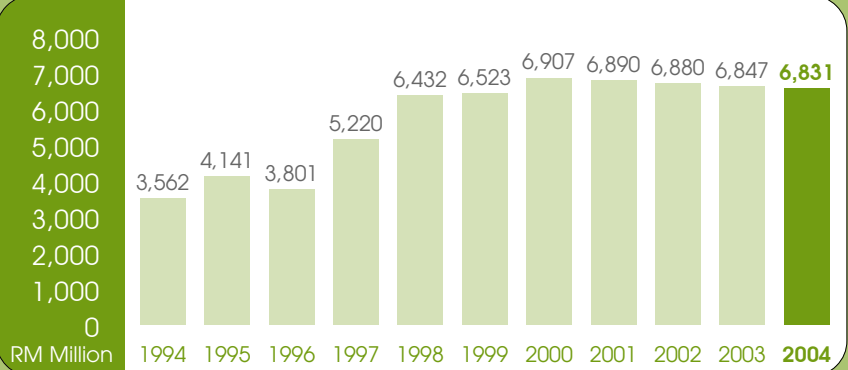
## Profit Before Tax



## Shareholders' Equity



## Total Assets



# AUDIT COMMITTEE REPORT

The Board of Directors of Berjaya Land Berhad is pleased to present the report of the Audit Committee for the financial year ended 30 April 2004.

## Audit Committee Members and Meeting Attendances

The members of the Audit Committee comprises the following:-

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

Datuk Robert Yong Kuen Loke  
*Non-Independent/Executive Director*

Dato' Mohammed Adnan bin Shuaib  
*Independent/Non-Executive Director*

The Audit Committee held five (5) meetings during the financial year ended 30 April 2004. The details of attendance of the Audit Committee members are as follows:-

Name	Attendance
Tan Sri Dato' Thong Yaw Hong	5/5
Datuk Robert Yong Kuen Loke	5/5
Dato' Mohammed Adnan bin Shuaib	5/5

The General Manager of Group Internal Audit and the Senior General Manager of Group Accounts and Budgets were also invited to attend the Audit Committee meetings. The external auditors were also invited to attend two of the meetings.

## Summary of activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 30 April 2004 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 and discussed the external auditors' audit report and areas of concern in the management letter thereof;

3. Reviewed the external auditors' scope of work and audit plan for the year;
4. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries and actions taken by the management in response to the audit findings;
5. Assessed the adequacy and effectiveness of the system of internal controls and procedures of the Group's subsidiaries by reviewing the various internal audit reports and management responses thereto and ensuring significant findings are adequately addressed by management;
6. Reported to the Board on its activities and significant findings and results.
7. Reviewed the shareholders' circular in relation to the recurrent related party transactions.

## Summary of activities of the Internal Audit Function

The primary function of Internal Audit Department established since 1994 is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to undertake independent regular and systematic reviews of the systems of internal controls and procedures of operating units within the Group so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance with the Group's established policies and procedures.

During the financial year ended 30 April 2004, the Internal Audit Department conducted audit assignments on the various operating units of the Group involved in hotels and resorts operations, club operations, vacation timeshare operation, property management and air transport services. A total of nine (9) audit reports were issued throughout the financial year while six (6) audit assignments were in progress as at financial year end.

Internal Audit reports incorporating audit recommendations and management responses with regards to any audit findings on the weaknesses in the systems and controls of the respective operations were issued to the Audit Committee and the respective operations management. The Internal Audit Department also followed up with management on the implementation of the agreed audit recommendations.





# AUDIT COMMITTEE REPORT

## Terms of Reference of the Audit Committee

### 1. Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) 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 ("MIA") or possesses such other qualifications and/or experience as approved by Bursa Malaysia Securities Berhad ("BMSB").

A quorum shall consist of two (2) 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 Audit 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 Audit 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 Committee and circulating them to the Committee members and to the other members of the Board.

### 4. Frequency of Meetings

Meetings shall be held not less than four (4) times a year and will normally be attended by the Director charged with the responsibility of the Group's financial condition 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, whenever 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;

# AUDIT COMMITTEE REPORT

- 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 the 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 when 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 the 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 members of the internal audit function;
  - keep itself informed 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 Committee and the Board from time to time;
  - j) In compliance with Paragraph 15.17 of BMSB's Listing Requirements, 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 that companies may apply in the direction and management of their business and affairs towards achieving the ultimate objective of maximising shareholder value.

Listed companies are required to disclose the extent of compliance with the Code or in areas where there are deviations, the alternative measures undertaken, pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad.

Set out below is a statement on how the Group has applied the principles and the extent of its compliance with the best practices during the financial year ended 30 April 2004.

## (A) Directors

### (i) The Board

The Board has overall responsibility for the strategic direction and control of the Group.

The Board meets regularly on a quarterly basis and additionally as required. For the financial year ended 30 April 2004, 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' Danny Tan Chee Sing	5/6
Dato' Robin Tan Yeong Ching	4/6
Datuk Robert Yong Kuen Loke	5/6
Khor Poh Waa	5/6
Khoo Wei Tong @ Khaw Ooi Tong	3/6
Y.T.M. Tengku Mustaffa Kamel Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah	4/6
Ng Sooi Lin	4/6
Dato' Mohammed Adnan bin Shuaib #	5/6
Dr. Ramachandran s/o Ratnasingam #	5/6

# Denotes Independent/Non-Executive Directors

### (ii) Board Balance

The composition of the Board reflects a balance of Executive and Non-Executive Directors with a good mix of business, banking, finance and accounting, legal, sales and marketing, property investment and development and administration which are relevant to the business operations of the Group. The Directors' profiles are presented on Pages 3 to 6 of the Annual Report.

The composition of the Board is broadly balanced to reflect the interests of major shareholders, management and minority shareholders and 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 that there is 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.

The presence of three Independent Non-Executive Directors during the financial year fulfil a pivotal role in corporate accountability as they provide unbiased and independent views, advice and judgement. Tan Sri Dato' Thong Yaw Hong has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

### (iii) Supply of Information

All the Directors have full and timely access to information concerning the Company and the Group. The Directors are furnished with the relevant agenda and Board papers in sufficient

# STATEMENT ON CORPORATE GOVERNANCE

time prior to Board meetings to enable the Directors to obtain further explanations and clarifications to facilitate informed decision-making. The Board papers include reports on the Group's financial, operational and corporate developments.

The 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' Thong Yaw Hong  
*Chairman/Senior Independent/Non-Executive*

Dato' Mohammed Adnan bin Shuaib  
*Independent/Non-Executive*

Dr. Ramachandran s/o Ratnasingam  
*Independent/Non-Executive*

The Nomination Committee is primarily empowered by its terms of reference to perform amongst others, to recommend to the Board, new candidates as Board member or Board Committee member.

## (v) Directors' Training

All the Directors have attended and completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysts Malaysia (now known as Bursa Malaysia Training Sdn Bhd), an affiliate company of Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programmes to further enhance their knowledge in the latest statutory, regulatory requirements on a continuous basis in compliance with Practice Note 15/2003 of the Bursa Securities Listing Requirements on the Continuing Education Programme.

## (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 require 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/Senior Independent/Non-Executive*

Dato' Mohammed Adnan bin Shuaib  
*Independent/Non-Executive*

Dato' Robin Tan Yeong Ching  
*Non-Independent/Executive*

The primary function of the Remuneration Committee is to set up the policy framework and to make recommendations to the Board on all elements of the remuneration package and other terms of employment. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration.

# STATEMENT ON CORPORATE GOVERNANCE

## (ii) Details of the Directors' remuneration

The Directors are satisfied that the current level of remuneration are in line with the responsibilities expected in the Group.

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

	← RM'000 →				
	Fees	Benefits- in- kind	Salaries and other emoluments	Bonus	Total
Executive	-	52	1,615	278	1,945
Non-Executive	118	-	6	4	128
	<u>118</u>	<u>52</u>	<u>1,621</u>	<u>282</u>	<u>2,073</u>

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

	Number of Directors	
	Executive	Non-Executive
RM1 - RM50,000	-	2
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	2	-
RM350,001 - RM400,000	1	-
RM500,001 - RM550,000	2	-
	<u>6</u>	<u>3</u>

## (C) Relations with Shareholders and Investors

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments.

Such information is disseminated via the Company's annual reports, circulars to shareholders, quarterly financial results and the various announcements made from time to time.

The Group maintains a website at [www.berjaya.cc](http://www.berjaya.cc) which shareholders as well as members of the public are invited to access for the latest information on the Group. Alternatively, they may obtain the Group's latest announcements via the Bursa Malaysia Securities Berhad website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders where they may seek clarifications on the Group's performance. 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



# STATEMENT ON CORPORATE GOVERNANCE

and of the Group for that period. In preparing those financial statements, the Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- 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 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 the Internal Control of the Group is set out on Pages 29 and 30 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

## Responsibility

The Board of Directors of Berjaya Land Berhad ("Bland" or "the Group") recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board's responsibility in relation to the system of internal control extends to all subsidiaries of the Group. Notwithstanding, due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

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 measure the achievement of the business objectives, the Board monitors the Group's performance and profitability at its Board meetings and provides feedback to the Executive Directors.

In line with the Malaysian Code of Corporate Governance, and as part of the Company's plans to further enhance the Group's system of internal control, the Board tasked the Risk Management Committee ("RMC") with the overall responsibility to regularly review and monitor the risk management activities of the Group and to approve appropriate risk management procedures and methodologies. The members of RMC are as follows:

- Tan Sri Dato' Thong Yaw Hong (Chairman)
- Dato' Robin Tan Yeong Ching
- Datuk Robert Yong Kuen Loke
- Khor Poh Waa
- Dato' Mohammed Adnan bin Shuaib
- Ng Sooi Lin  
(Alternate to Dato' Robin Tan Yeong Ching)

The RMC terms of reference include, inter alia:

- To ensure that the strategic context of risk management strategy is complete
- To determine the overall risk management processes

- 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 establish risk reporting mechanism
- To ensure alignment and coordination of assurance activity across the organisation
- To act as a steering committee for the group wide risk management programme

## Management Style and Control Consciousness

The Group's operations are divided into three main divisions:

- Vacation Timeshare, Hotels, Resorts and Recreation Development Division ("Leisure Division");
- Property Investment and Development ("Property Division"); and
- Gaming and Lottery Management ("Gaming Division")

Paramount to the Group's system of internal control is the role played by the Executive Directors as the channel of communication between the Board and Management. The Executive Directors who are assigned to manage the businesses of the Group implement the Board's expectations of the system of internal control.

The Executive Directors, together with their respective management team, attend various management and operations meetings and review financial and operations reports, in order to monitor the performance and profitability of the Group's businesses. The Group also prides itself in the "open-door" and "close-to-operations" policy practised by the Executive Directors and Management. Any matters arising are promptly and efficiently dealt with drawing on the experience and knowledge of employees throughout the Group.

Both the Leisure and Property Divisions have in place stringent processes to ensure that employees understand the importance of and adhere to the policies and

# STATEMENT ON INTERNAL CONTROL

procedures that are outlined in the respective divisions' system of internal control. Among such processes are the Daily Morning briefing meetings and customer feedback evaluation at the Leisure Division's hotels, and various Site and Project meetings with Consultants and the Tender Committee's review and recommendation of contractors at the Property Division.

The Group's Gaming Division operates through its listed subsidiary, Matrix International Berhad ("Matrix") and its associated company, Berjaya Sports Toto Berhad ("BToto"). The Board has a process in place whereby representatives of the Group sit on the Boards of Matrix and BToto respectively, to serve the Group's interests.

The Board does not regularly review the internal control system of its other associated companies although management accounts are provided for information, as the Board does not have any direct control over their operations.

## Key Features of the Internal Control System

Some of the identified key features of the Group's system of internal control include:

- Timely financial and operations reports
- Scheduled operations and management meetings
- Standard operating procedures for the leisure division
- Clear organisation structure and delineated reporting lines
- Defined levels of authority
- Capable workforce with ongoing training efforts
- Formal employee appraisal system which enables appraisal of employees and rewarding employees based on performance

- Centralised procurement function that ensures approval procedures are adhered to, as well as to leverage on the Group's purchasing power
- Payment functions controlled at Head Office
- Independent assurance on the system of internal control from regular internal audit visits

## Assurance Mechanism

The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's internal control. The Audit Committee receives assurance reports from both the internal and external auditors. The Internal Audit function furnishes the Audit Committee with reports from visits conducted at various operating units. The external auditors provide assurance in the form of their annual statutory audit of the financial statements. Further, any case for improvement identified during the course of the statutory audit by the external auditors are brought to the attention of the Audit Committee through management letters, or are articulated at Audit Committee meetings.

The Board reviews the minutes of the Audit Committee's meetings. The Report of the Audit Committee is set on pages 22 to 24 of the Annual Report.

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 action plans, when necessary, to further enhance the Group's system of internal control.

