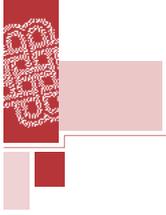




**BERJAYA**

**BERJAYA SPORTS TOTO BERHAD**  
(Company No. 9109-K)

برجاي سפורتس توتو برحد  
成功多多博彩有限公司



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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.**

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.





#### Board Of Directors

Tan Sri Dato' Thong Yaw Hong  
Chairman

Tan Sri Dato' Seri Vincent Tan Chee Yioun  
Chief Executive Officer

#### *Executive Directors*

Ng Foo Leong

Dato' Robin Tan Yeong Ching

Robert Yong Kuen Loke

Chan Kien Sing

Freddie Pang Hock Cheng

#### *Directors*

Tan Sri Dato' Jaffar Bin Abdul

Mohamed Saleh Bin Gomu

#### 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

#### Secretaries

Su Swee Hong (MAICSA No. 0776729)  
Wong Pooi Cheong (MAICSA No. 0782043)

#### Principal Bankers

Bumiputra-Commerce Bank Berhad  
Malayan Banking Berhad

#### Audit Committee

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

Independent Non-Executive Director  
Mohamed Saleh Bin Gomu

Non-Independent Executive Director  
Robert Yong Kuen Loke

#### Stock Exchange Listing

Main Board of Kuala Lumpur Stock Exchange

#### Stock Short Name

BJTOTO (1562)

#### 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

#### Place Of Incorporation And Domicile

Malaysia

**Tan Sri Dato' Thong Yaw Hong**

丹斯里拿督汤耀鸿

73 years of age, Malaysian

Chairman (Independent / Non-Executive)



He was appointed to the Board on 18 October 2001 as the Chairman. 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 Land Berhad, Batu Kawan Berhad, Glenealy Plantations (Malaya) Berhad, HHB Holdings Berhad, Kuala Lumpur Kepong Berhad, Malaysia Airports Holdings Berhad, Malaysia Mining Corporation Berhad, Public Bank Berhad and Public Finance 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 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' Seri Vincent Tan Chee Yioun**

丹斯里拿督斯里陈志远

51 years of age, Malaysian

Chief Executive Officer (Non-Independent)



He was appointed to the Board on 1 September 1994 as Chairman and Chief Executive Officer ("CEO") and subsequently, relinquished his position as Chairman on 18 October 2001. He is a businessman and entrepreneur with varied interests in property development, telecommunications, gaming, stockbroking, manufacturing, trading, hospitality and Internet-related businesses and utilities, media and insurance through various public and private companies, namely, the Berjaya Group of Companies, Intan Utilities Berhad, MOL.com Berhad, DiGi.Com Berhad, Nexnews Berhad, Berjaya Times Square Sdn Bhd, Bukit Tinggi Resort Berhad and Golden Arches Restaurant Sdn Bhd, the local franchisee of the McDonald's fast food chain of restaurants.

He is currently the Chairman and CEO of Berjaya Group Berhad, Chairman of DiGi.Com Berhad, MOL.com Berhad and Nexnews Berhad. He also holds directorships in Berjaya Vacation Club Berhad, Bukit Tinggi Resort Berhad, KDE Recreation Berhad, Berjaya Golf Resort Berhad, Bukit Kiara Resort Berhad as well as several other private limited companies including DiGi Telecommunications Sdn Bhd.

His son, Dato' Robin Tan Yeong Ching is also a member of the Board.



**Ng Foo Leong**

吴富亮

*52 years of age, Malaysian*

*(Non-Independent / Executive Director)*

He was appointed to the Board on 1 September 1994 as an Executive Director. He is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Prior to joining Sports Toto Malaysia Sdn Bhd ("STMSB") in 1985, he worked in a public accountants firm, Messrs Azman Wong Salleh from 1970 to 1978 and in a major multinational corporation, Malaysia Vegetable Oil Refinery Sdn Bhd from 1978 to 1985.

Currently, he is also an Executive Director of STMSB and President of Prime Gaming Philippines Inc. and Vice-Chairman of Philippine Gaming Management Corporation. He also holds directorships in International Lottery & Totalizator Systems Inc., USA and several other private limited companies in the Berjaya Group of Companies.



**Dato' Robin Tan Yeong Ching**

拿督陈永钦

*29 years of age, Malaysian*

*(Non-Independent / Executive Director)*

He was appointed to the Board on 21 February 1998 as an Executive Director. 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 of Corporate Affairs in 1997. Currently, he is the Chief Executive Officer of Berjaya Land Berhad and an Executive Director of Sports Toto Malaysia Sdn Bhd. He also holds directorships in Bukit Tinggi Resort Berhad and several other private limited companies.

His father, Tan Sri Dato' Seri Vincent Tan Chee Yioun is also a member of the Board.

**Robert Yong Kuen Loke**

杨群录

51 years of age, Malaysian

(Non-Independent / Executive Director)

He was appointed to the Board on 1 December 1992. He is a Fellow member of the Institute of Chartered Accountants (England and Wales), and a member of 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 in chartered accounting firms in London including two years with Moore Stephens & Co. Subsequently, he served as an Audit Manager 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 Group Treasurer in Edaran Otomobil Nasional Bhd.

Currently, he is an Executive Director of Berjaya Group Berhad and Berjaya Land Berhad. He is also a Director of Cosway Corporation Berhad, Berjaya Capital Berhad, Matrix International Berhad, and Taiga Forest Products Ltd (Canada). He also holds directorships in Berjaya Golf Resort Berhad and various subsidiaries of the Berjaya Group of Companies.



**Chan Kien Sing**

陈健星

47 years of age, Malaysian

(Non-Independent / Executive Director)

He was appointed to the Board on 1 December 1992. He is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Having articulated with Messrs Peat Marwick Mitchell (now known as KPMG) from 1975 to 1981, he subsequently joined Arab-Malaysian Merchant Bank Berhad (now known as AmMerchant Bank Berhad) specialising in corporate finance until 1989 when he joined Berjaya Group Berhad as General Manager, Investments.

Currently, he is the Chief Executive Officer of Berjaya Capital Berhad and an Executive Director of Berjaya Group Berhad. He is also an alternate Director of DiGi.Com Berhad, a Director of Matrix International Berhad, Berjaya Vacation Club Berhad, Berjaya Holdings (HK) Limited and International Lottery & Totalizator Systems Inc., USA. He is a Director in DiGi Telecommunications Sdn Bhd and several other private limited companies in the Berjaya Group of Companies.





**Freddie Pang Hock Cheng**

彭福清

*48 years of age, Malaysian*

*(Non-Independent / Executive Director)*

He was appointed to the Board on 1 December 1992. He worked with Messrs Ernst & Young for seven years until 1982 during which he qualified for entry as a member of the Malaysian Institute of Certified Public Accountants. He is also a member of the Malaysian Institute of Accountants. In the same year, he joined the Corporate Advisory Department of Malaysian International Merchant Bankers Berhad where he was actively involved in a wide variety of corporate exercises in an advisory capacity until his departure in 1990 to join Berjaya Group Berhad.

He is currently an Executive Director of Berjaya Group Berhad, an alternate Director of Nexnews Berhad and a Director of MOL.com Berhad, Unza Holdings Berhad, Dunham-Bush (Malaysia) Bhd, Intan Utilities Berhad, Hyundai-Berjaya Corporation Berhad (Formerly known as Transwater Corporation Berhad), Berjaya Vacation Club Berhad and several other private limited companies in the Berjaya Group of Companies.



**Tan Sri Dato' Jaffar Bin Abdul**

丹斯里拿督查化敏阿都

*71 years of age, Malaysian*

*(Independent / Non-Executive)*

He was appointed to the Board on 28 August 1997 as an Independent Non-Executive Director and Chairman of the Audit Committee. He joined the Police Force in 1951 and rose to become Director of the Anti-Narcotic Branch, Federal Police Headquarters in 1982. From 1982 to 1984, he was the Chief Police Officer in Johor and between 1984 to 1985, he was the Director of Management, Police Headquarters in Bukit Aman. He was also the Deputy Inspector General of the Royal Malaysian Police since 1985 before retiring from the civil service in May 1989.

He is currently the Chairman of Cosway Corporation Berhad, Mycom Berhad, Anson Perdana Berhad and Yinson Holdings Berhad. He is also a Director in Olympia Industries Berhad, Angkasa Marketing Berhad, Amalgamated Containers Berhad and several other private limited companies.



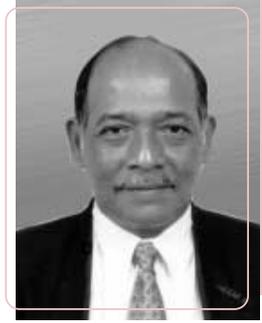
**Mohamed Saleh Bin Gomu**

莫哈末沙烈敏国目

53 years of age, Malaysian

(Independent / Non-Executive)

He was appointed to the Board on 22 December 1999 as an Independent Non-Executive Director. He joined Polis Diraja Malaysia ("PDRM") as an Inspector in June 1970 and left for England to further his studies in 1981. He graduated with a Bachelor of Laws (Hons) Degree in 1982 and obtained a Certificate in Legal Practice in 1984. Upon graduation, he continued to serve PDRM in various capacities including as a Staff Officer in the Special Branch, Officer-in-charge of Prosecution (Lower Courts) Kuala Lumpur and Officer-in-charge of Brickfields Police District. Before his optional retirement in June 1992, he was Head of the INTERPOL/National Central Bureau Secretariat. Soon after his retirement, he went into private legal practice. Currently, he is also a Director in Kumpulan Emas Berhad and Omega Holdings Berhad.



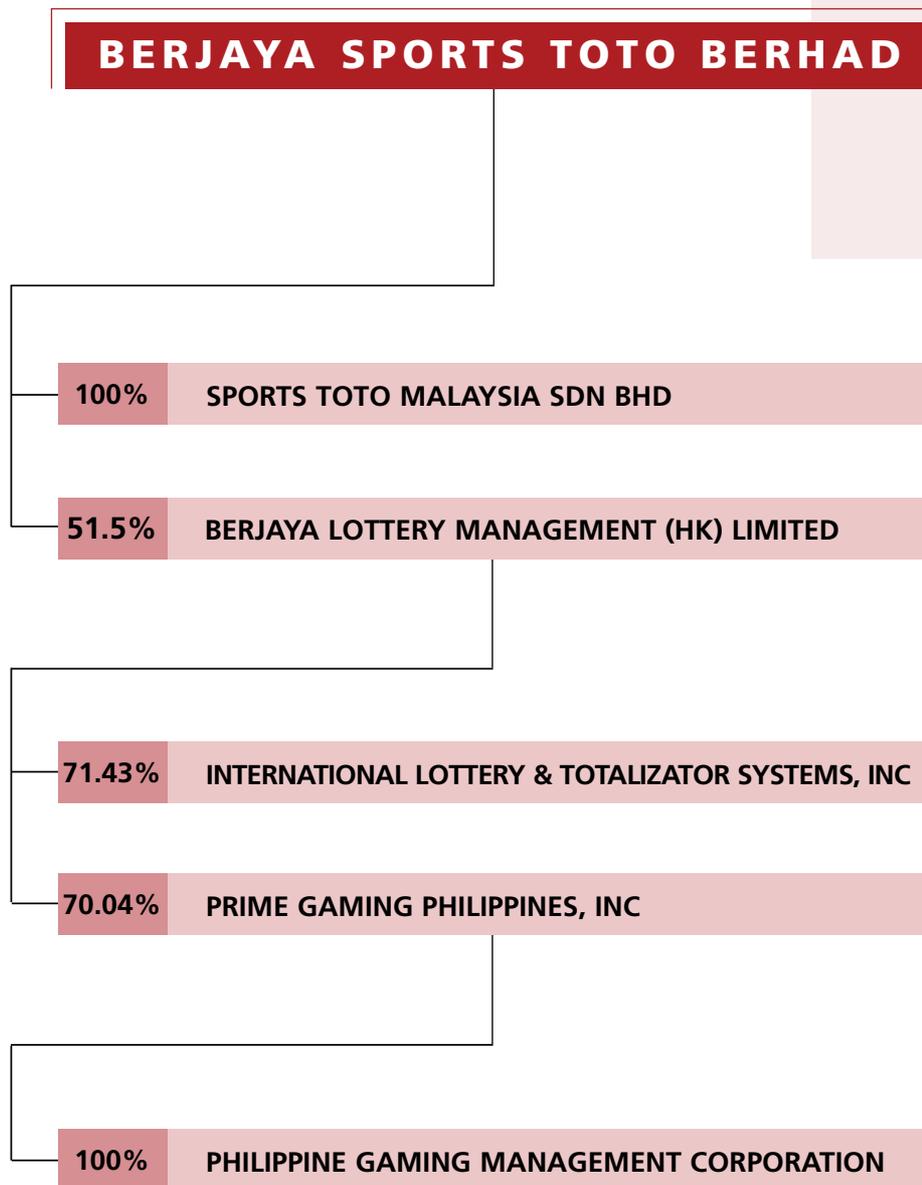
Save as disclosed, none of the Directors have:-

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.



## corporate **structure**

of main operating companies as at 30 August 2003





**Berjaya Sports Toto Berhad** ("BToto") was incorporated in 1969 as Unilite Electrical Industries Berhad. The Company changed its name to Far East Asset Berhad in 1987. On 31 October 1992, the Company completed its acquisition of the entire issued and paid-up share capital of 112,522,500 ordinary shares of 50 sen each in **Sports Toto Malaysia Sdn Bhd** ("**Sports Toto**") for a purchase consideration of RM600 million through an issue of RM390.97 million 9% nominal amount of RM1.00 Redeemable Convertible Unsecured Loan Stocks 1992/97 in the Company and the balance in cash of RM209.03 million. On 17 May 1993, the Company was renamed Berjaya Sports Toto Berhad.

The principal activity of BToto is investment holding while its principal subsidiary company, Sports Toto, is involved in the business of operating Toto betting under Section 5 of the Pool Betting Act, 1967.

The history of Sports Toto began in 1969 when it was incorporated to run the Toto betting business. It was essentially the Government's effort to raise funds to promote and develop sports, youth and cultural activities.

Today, Sports Toto offers 6 games which are drawn 3 days in a week. Sports Toto is the sole national lotto operator in Malaysia.

On the international scene, the Group is supplying and maintaining a computerised on-line lottery system in Luzon Region in the Philippines.

**Sports Toto's** financial growth over the past 17 years is highlighted below:

	30-4-2003 Million		31-12-85 Million		17 Years' Annualised Increase (%)
	RM	US\$	RM	US\$	
Revenue	2,096.9	551.8	76.0	20.0	156.4
Pre-tax Profit	385.4	101.4	5.0	1.3	447.5
Shareholders' Funds	135.3	35.6	1.0	0.3	790
Total Assets	409.5	107.8	12.7	3.3	183.8
Total No. of Employees	606		431		

Exchange rate : US\$1.00 = RM3.80

# group financial summary

Description	2003	2003	2002	2001	2000	1999	1998
	US\$'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	580,433	2,205,646	2,294,343	2,333,339	2,339,894	2,176,183	2,170,569
Profit before taxation	103,872	394,712	426,235	400,858	384,724	438,206	453,925
Profit after taxation	69,203	262,971	292,670	272,595	231,891	439,490	334,400
Minority interests	(1,142)	(4,340)	10,830	11,039	22,583	2,637	–
Profit attributable to shareholders	68,061	258,631	303,500	283,634	254,474	442,127	334,400
Share Capital	210,872	801,315	584,878	575,758	575,084	572,339	572,322
Share premium	50,741	192,817	144,180	97,731	94,374	80,704	80,642
8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS") - equity component	63,343	240,702	–	–	–	–	–
Reserves	152,731	580,377	1,224,696	1,021,525	856,090	706,073	184,408
Equity Funds	477,687	1,815,211	1,953,754	1,695,014	1,525,548	1,359,116	837,372
Treasury shares	(54,234)	(206,089)	(162,993)	(96,358)	(25,744)	–	–
Premium over ICULS bought back	(9,302)	(35,348)	–	–	–	–	–
Net Equity Funds	414,151	1,573,774	1,790,761	1,598,656	1,499,804	1,359,116	837,372
Minority Interests	(40,820)	(155,116)	(152,585)	(136,994)	(106,292)	(73,948)	–
9% Redeemable Convertible Unsecured Loan Stocks 1992/1997	–	–	–	–	–	–	–
	373,331	1,418,658	1,638,176	1,461,662	1,393,512	1,285,168	837,372
Provisions	478	1,816	–	–	–	–	–
Deferred Liabilities	10,183	38,696	35,030	37,364	36,175	35,865	33,180
ICULS - liability component	65,517	248,966	–	–	–	–	–
Current Liabilities	91,622	348,163	419,193	485,165	472,487	427,245	561,050
	541,131	2,056,299	2,092,399	1,984,191	1,902,174	1,748,278	1,431,602
Property, plant & equipment	30,286	115,086	123,732	113,937	117,300	117,752	75,155
Intangible Assets	161,263	612,801	642,141	644,546	656,545	650,517	547,901
Investments	3,873	14,719	19,894	19,841	15,266	53,117	72,335
Current Assets	345,709	1,313,693	1,306,632	1,205,867	1,113,063	926,892	736,211
Total Assets	541,131	2,056,299	2,092,399	1,984,191	1,902,174	1,748,278	1,431,602
Net Tangible Assets per share (cents/sen)	24.7	94.0	205.6	171.0	147.4	123.8	50.6
Net Assets per share (cents/sen)	45.8	173.9	320.6	286.6	262.2	237.5	146.3
Gross Earnings per share (cents/sen)	15.8	60.0	78.1	72.5	70.7	76.6	79.3
Net Earnings per share (cents/sen)	10.5	40.0	54.5	50.1	44.5	76.8	58.6
Dividend Rate (%)	208*	208*	50	28	25	20	26
Net Dividend Amount (USD'000/RM'000)	252,020	957,675	199,972	112,869	102,124	82,395	107,260

**Note:**

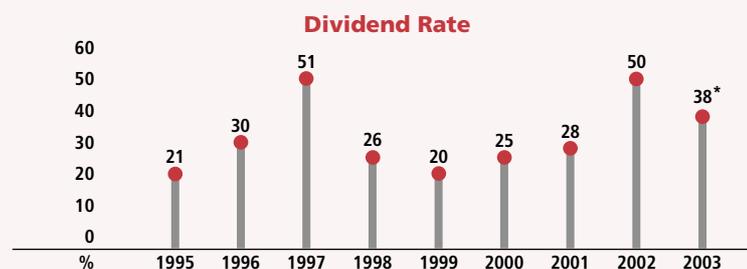
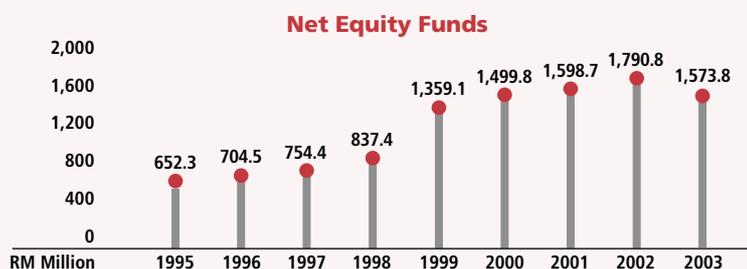
Figures for 1995 to 2003 are for 12 months ended 30 April. Where additional shares are issued, the earnings per share are calculated on a weighted average number of shares.

Exchange rate: US\$1.00 = RM3.80

\* This figure includes a special dividend of 170%.



	1997	1996	1995
	RM'000	RM'000	RM'000
	1,817,207	1,444,973	1,021,150
	343,691	221,557	145,292
	238,474	150,871	111,894
	-	-	-
	238,323	149,462	104,821
	568,197	561,649	549,271
	76,349	68,860	61,300
	-	-	-
	109,832	73,950	41,762
	754,378	704,459	652,333
	-	-	-
	-	-	-
	754,378	704,459	652,333
	-	-	-
	4,515	10,525	23,463
	758,893	714,984	675,796
	-	-	-
	36,953	28,207	24,597
	-	-	-
	452,715	291,241	225,665
	1,248,561	1,034,432	926,058
	44,832	41,218	40,226
	547,901	547,901	547,901
	41,279	39,036	17,330
	614,549	406,277	320,601
	1,248,561	1,034,432	926,058
	36.3	27.9	19.0
	132.8	125.4	118.8
	60.7	39.9	26.9
	42.1	27.1	20.7
	51	30	21
	202,753	117,653	80,552



\* This figure does not include the special dividend of 170%.

**On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 April 2003.**

## Financial Results

For the financial year under review, the Group recorded a gross revenue of RM2.2 billion, representing a decrease of 4% over the previous financial year's revenue of RM2.3 billion. The decrease in revenue was mainly due to the adverse impact of the Soccer World Cup in June 2002 and repatriation of foreign workers in July / August 2002 on our gaming business operated through its principal subsidiary, Sports Toto Malaysia Sdn Bhd ("Sports Toto").



Toto Draw Equipment

The Group's pre-tax profit declined 7% from RM426.2 million in the previous financial year to RM394.7 million. The decline was mainly due to the writedown of goodwill in an offshore subsidiary company. Sports Toto, despite a 5% decline in revenue, registered only a marginal decrease in pre-tax profit of 0.28% mainly due to the benefit of the reduction and a subsequent abolition of royalty that gave an effective saving of 1.5% royalty expense during the year under review.



A Toto draw in progress.

## Dividend

The Board has recommended a final dividend of 28% per share less 28% income tax for the approval of shareholders at the forthcoming Annual General Meeting. The Board had earlier declared and paid a first interim dividend of 5% per share less 28% income tax on 17 March 2003 and a second interim dividend

of 5% per share less 28% income tax on 16 June 2003. Together with the final dividend proposed and the special dividend of 170% paid on 9 August 2003, the total gross dividend distributed per share in respect of the financial year ended 30 April 2003 would be 208%.

## Corporate Developments

The Company had in its Abridged Prospectus ("AP") dated 20 June 2002 forecasted a profit after tax and minority interests of RM326.365 million for the year ended 30 April 2003 whilst the actual audited profit after tax and minority interests was RM258.631 million. The results showed a deviation of RM67.734 million or 20.75% from the forecast.

本人謹此欣然代表董事部，提呈2003年4月30日截止年度的常年報告和財務報告。

## 財務業績

在檢討中的財務年度，本集團取得馬幣22億零吉的毛收益，比上一財政年度的毛收益馬幣23億零吉，降減了4%。這項收益降減，主因是2002年6月世界盃足球賽的不良沖擊，以及2002年7月/8月我國政府遣送外勞回國，造成我們通過主要子公司多多博彩馬來西亞有限公司經營的博彩業務深受影響。

本集團的稅前盈利，降減了7%，即从上一年度的馬幣4億2千6百20萬零吉降至本財政年度的馬幣3億9千4百70萬零吉。這項降減，主要是因為注減了海外子公司的商譽。雖然收益降減了5%，多多博彩的稅前盈利只微減0.28%。這主要是因為在這一內政府減低一項專利權稅務後並加以撤銷，導致公司節省了1.5%專利權稅開銷。

## 股息

董事會推薦派發每股28% (須扣28%所得稅)的終期股息，交由即將來臨的股東常年大會批准，較早前，董事會已于2003年3月17日派發首次每股5%中期股息 (須扣28%所得稅) 及于2003年6月16日派發第2次每股5%中期股息 (須扣稅28%)。連合建議中的終期股息及在2003年8月9日派發的170%特別股息，2003財政年度所派發的總毛股息為每股208%。

## 企業發展

本公司在志期2002年6月20日的策略說明書 ("AP") 中預測2003年4月30日截止財政年度的稅後及少數股東權益後的盈利為3億2千6百36萬5千零吉，而實際的已審計稅後與少數股東權益後的盈利却是馬幣2億5千8百63萬1千零吉。這項業績顯然比預測偏差了馬幣6千7百73萬4千零吉或20.75%。





The reconciliation of the deviation is shown as follows:

	RM'000
Attributable profit as per forecast	326,365
Less: decrease in profit before tax	(16,638) <sup>1</sup>
writedown of goodwill	(28,243) <sup>2</sup>
deferred tax	(3,927) <sup>3</sup>
underprovision of tax	(6,754) <sup>4</sup>
increase in minority interests ("MI")	(12,172) <sup>5</sup>
<b>Audited attributable profit</b>	<b>258,631</b>

The deviation was mainly due to the following :

1. The adverse impact of the Soccer World Cup in June 2002 and the departure of foreign workers during the year that had spurred negative effects on the gaming business. This was further compounded by the uncertainties in the external environment that had negative impacts on the economy resulting in a more cautious consumption expenditure thus affecting sales and profit before tax.
2. The application of MASB 23, Impairment of Assets that resulted in the writedown in goodwill of an offshore subsidiary company amounting to RM28.2 million.
3. This was related to deferred tax underprovision in the forecast.
4. The underprovision of tax was due to tax underprovided in the forecast.
5. The increase in MI was due to the share of profit from certain subsidiary companies during the year due to higher profit recorded as compared to share of losses as reported in the forecast.

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 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") by the Company or any of its wholly-owned subsidiaries up to an amount not exceeding RM1.2 billion. As at 18 August 2003, a wholly-owned subsidiary of the Company has purchased a total of RM26,497,500 nominal value of ICULS from the open market for a total consideration of RM83.9 million. There is no cancellation of the ICULS by the Company as at the date of this statement.

On 14 August 2003, the Company announced that it has been informed by Berjaya Land Berhad ("Berjaya Land") of its intention to undertake a placement of up to 200 million ordinary shares of RM1.00 each in Berjaya Sports Toto Berhad, with the primary objective of paying down the inter-company advances owing by Berjaya Land to the Company. As the Company has no immediate plans to redeploy such funds, the Board would propose to distribute any surplus funds to its shareholders. Details of the aforesaid will be announced in due course.

During the financial year under review, the Company bought back a total of 8,558,000 shares from the open market, for a total consideration of RM43.10 million or at an average cost of RM5.04 per share. The cumulative number of shares bought back as at 30 April 2003 was 34,850,000. These shares are being held as treasury shares and none was cancelled or sold as at the financial year ended 30 April 2003.

偏差的对账如下:

	RM'000
预测可分配盈利	326,365
扣除: 税前盈利降减	(16,638) <sup>1</sup>
注减商誉	(28,243) <sup>2</sup>
递延税务	(3,927) <sup>3</sup>
税务备付不足	(6,754) <sup>4</sup>
少数股东权益增额 ("MI")	(12,172) <sup>5</sup>
<b>已审计可分配盈利</b>	<b>258,631</b>

偏差的主因如下:

1. 2002年6月世界杯足球赛的不良冲击, 以及这一年政府遣送外劳回国, 对博彩业务带来不利的冲击。国外环境不安稳对经济造成负面冲击, 导致民众对消费开支小心翼翼, 从而影响销售与税前盈利, 也进一步加剧情况。
2. 政府实施MASB 23条例; 减损资产, 导致一家子公司的商誉注减马币2千8百20万零吉。
3. 这与预测中的递延税务备付不足相关。
4. 税务准备金不足是由于预测时备付不足所致。
5. 少数股东权益增加, 是由于在这一年内来自某子公司的盈利分享, 所得盈利较高所致, 而非如预测蒙受损失。

依据2002年4月5日致股东通告所列入的议决案, 本公司已获得必需的批准, 可由本公司或其任何独资子公司购买不可赎回可转换无担保债券股("ICULS"), 总额不超过马币12亿零吉。截至2003年8月18日, 本公司一家独资子公司已从公开市场购买了面值马币2千6百49万7千5百零零的ICULS, 成交价为马币8千3百90万零吉。至本报告日期为止, 公司并未取消任何ICULS。

于2003年8月14日, 本公司宣布成功置地有限公司("成功置地")有意配售成功多多博彩有限公司的2亿股每股值1零吉的普通股。该配售行运主要目的是减低成功置地与成功多多之间的贷款额。目前, 本公司暂时没有运用这笔资金的计划, 董事



## Review Of Operations

### Malaysia

For the financial year under review, Sports Toto recorded a revenue of RM2.097 billion, a decrease of 5% from the previous year's revenue of RM2.21 billion. The adverse impact of the Soccer World Cup in June 2002, the departure of foreign workers in July / August 2002, and the continuing weak economy contributed to the decline.



A Sports Toto outlet

Profit before taxation decreased by 0.28% to RM385.4 million compared to RM386.5 million in the previous financial year.

With effect from 1 January 2003, the rate for pool betting duty payable by the company was reduced from 10 per cent of net sales to 6 per cent of net sales while the royalty of 1.5 per cent of net sales was abolished by the Ministry of Finance. Simultaneously, the company increased the first prize of its 4-Digit games by RM500 for every RM1.00 stake. The first prize for the 4-Digit Big and Small games were revised to RM2,500 and RM3,500 respectively for every RM1.00 stake from the previous prize structure of RM2,000 and RM3,000 respectively.



The new on-line selling terminals.

On 8 August 2002, the company implemented a new on-line system and rolled out 1,000 new sales terminals under the first phase of the project. The first phase comprising the central computer system, application software and the terminals which cost more than RM30 million, was carried out in stages and was fully completed in May 2003. The company is

now planning to carry out the second phase of the implementation, which involves the deployment of an additional 1,500 terminals at an estimated cost of RM32 million.

Concurrently, the company has embarked on an exercise to introduce an Account Betting System which will provide additional channels for betting, other than through its physical outlets nationwide. These channels which include fixed phones, mobile phones and the Internet are expected to be available towards the end of 2004.

### The Philippines

In the Philippines, the Lotto 6/42, Megalotto 6/45, Superlotto 6/49, 4-Digit and 6-Digit games continued to be sold in over 1,000 outlets operating in Luzon island. To-date, approximately 1,500 terminals have been installed.

部将建议把剩余的资金分发给所有股东。有关的详情将在较后宣布。

在本检讨财政年度，本公司从公开市场买回总数8,558,000股，总成交价为马币4千3百10万零吉，或相当于平均每股马币5.04零吉。在2003年4月30日，累积购回的股票总计为34,850,000股。这些股票是以库存股形式持有。截至2003年4月30日财政年度并未有任何股票被取消或出售。

### 业务检讨

#### 马来西亚

在本检讨年度，多多博彩取得马币20亿9千7百万的收益，比上一年度的马币22亿1千万零吉降减了5%。2002年6月为期一个月的世界杯足球赛，2002年8月遣送外劳回国，以及持续软弱的经济，是收益减低的主因。

税前盈利降低了0.28%，即由上一年的马币3亿8千6百50万零吉，减至马币3亿8千5百40万零吉。

由2003年正月1日起，公司应付的博彩税务，由净销售额的10%减至净销售额的6%，而公司应付的专利权税，也即净销售额的1.5%，则由财政部撤消。在同时期，公司将万字博彩每下注1零吉注的首奖奖金，提高500零吉。

万字票大万和小万每下注1零吉的首奖奖金，已各自修改为2,500零吉与3,500零吉，过去的奖金结构则分别为2,000零吉与3,000零吉。

2002年8月8日，公司推行一项新的连线系统，在第一期计划下推出一千台新的终端机。第一期装备，包括中央电脑系统，应用软件和终端机，耗资超过马币3千万，这些装备，分阶段进行，于2003年5月完成。公司如今正在计划推行第二期计划，即再分布1,500台终端机，预算耗资马币3千2百万零吉。

在同时期，公司也展开一项行动，推介一项户口下注系统，以便除了全国各地的实际销售店之外，再提





Draws for the 4-Digit and Megalotto 6/45 games are held every Monday, Wednesday and Friday while draws for the 6-Digit game are held every Tuesday, Thursday and Saturday. Draws for the Lotto 6/42 games are held every Tuesday and Saturday while draws for the Superlotto 6/49 game are held every Thursday and Sunday.

Currently, there are plans to increase the frequency of draws for the Superlotto 6/49 game to three times a week as well as to introduce either a new 2-Digit or 3-Digit game.



A Lotto booth in The Philippines.

供额外的下注管道。这些管道包括固定电话线，流动电话和互联网，预料在2004年尾，即可付诸实行。

**菲律宾**

在菲律宾六合彩(Lotto 6/42)，巨型六合彩(Mega lotto 6/45)，超级六合彩(Superlotto 6/49)，万字和6D博彩，继续在吕宋岛的超过1,000间万字商店销售。到现在，岛上已装置了大约1,500台终端机。

巨型六合彩(Megalotto 6/45)博彩的万字抽奖，是每逢星期一、三及五举行，而6D博彩的抽奖，则在星期二、四、六举行。六合彩(Lotto 6/42)的抽奖是每逢星期二及六举行而超级六合彩(Superlotto 6/49)抽奖则每逢星期四与日举行。

目前，我们正计划将超级六合彩(Superlotto 6/49)的抽奖，增加至每周三次，以及推出新的百字或千字博彩。

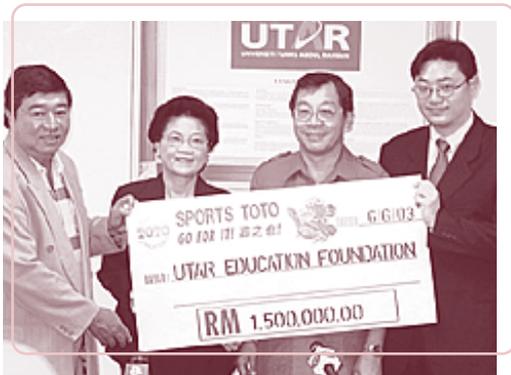
**社会责任**

公司向很关心和深知身为爱心企业良民的社会责任，并对此责任敏感。因此，对于有益社群和国家的意见和建议，我们都深表欢迎。

在本检讨年度，有数以百万零吉的款项，被献捐给慈善机构和义举。还有相当庞大的款额，也被用来捐助Kiwanis唐氏综合症基金，家庭看护服务协会，马来西亚爱滋病理理事会，马来西亚圣约翰救护队协会，马来西亚儿童福利理事会，吉隆坡Ti-Ratana福利社，马来西亚国际和平基金及许多其他义举。

在促进体育和体育卓越表现方面，多多博彩马来西亚有限公司仍然继续活跃支持盛行的体育活动。

有广大群众参加的项目，如马来邮报徒步竞赛，八打灵再也半马拉松赛，巴勒斯坦人道主义跑，模威大桥国际跑，国庆日象棋比赛，国庆日保龄球赛，国油驾舟技术比赛，浮罗交宜国际游艇赛，南洋武术嘉年华会，都因本公司的赞助而受惠。



Y.B. Dato' Seri Ling Liong Sik receiving a mock cheque of RM1.5 million from Executive Director, Dato' Robin Tan. Also present were Datuk Dr. Ng Lay Swee, UTAR Chairman and Datuk Dr. Fong Chan Onn, Human Resources Minister.

**Social Responsibility**

The company is always mindful and aware of its social responsibility as a caring corporate citizen. It is receptive to ideas and proposals that are beneficial to both the community and the nation as a whole.

During the year under review, millions of ringgit were donated to charitable organisations and worthy events. Substantial amounts were contributed towards Kiwanis Down

Syndrome Foundation, Home Nursing Service Association, Malaysian Aids Council, Majlis St. John Ambulans Malaysia, Majlis Kebajikan Kanak-Kanak Malaysia, Ti-Ratana Welfare Society Kuala Lumpur, Malaysian International Peace Fund and many other good causes.

In the promotion of sports and sporting excellence, Sports Toto continued to be active in supporting popular sporting activities. Mass participation events like the Malay Mail Big Walk, PJ Half Marathon, Palestinian Humanitarian Run, Penang International Bridge Run, National Day Xiang Qi Competition, National Day Bowling Competition, Petronas Watercraft Racing, Langkawi International Regatta and Nanyang Wushu Carnival benefited from the company's sports sponsorship programmes.



Mr. Karamjit Singh, winner of the Timesport-Sports Toto Man of the Year 2003 with (L-R) Tan Sri Tunku Imran Tuanku Ja'afar, Tan Sri Dato' Seri Vincent Tan, Dato' Hishamuddin Tun Hussein and Tan Sri Dato' Abdullah Ahmad.

In keeping with its firm commitment to the promotion and development of sports in the country, contributions were allocated to the National Sports Council for the funding of various sporting activities and training of budding sportsmen and sportswomen.

The poor and the needy were not forgotten, especially the needy senior citizens in the country. During the year, the company continued to organise the annual Sports Toto Chinese New Year Ang Pow donation campaign where over 14,000 poor and needy senior citizens of all races benefited from this charity drive. In line with the corporate philosophy of caring and sharing, orphans were invited to a Berbuka Puasa dinner gathering during the Ramadhan month. Festive gatherings during Hari Raya and Deepavali were also organised, where participants were given food, gifts and ang pows.

For those who were afflicted with serious illness and could not afford expensive medical cost to sustain their lives, financial assistance was given by the company. Scholarships were also awarded to bright students from deserving poor families to continue their studies.

#### Future Prospects

The gaming sector is closely linked to consumers' spending and disposable income of the betting customers. Therefore, any improvement in the country's economic climate is likely to have a positive impact on Sports Toto's business.

With the largest network of outlets and most number of games in the country, coupled with the increase in the first prize payout for the 4-Digit games effective 1 January 2003, Sports Toto is poised to regain some of the market share lost to illegal operators. The introduction of the Account Betting System and additional channels for betting in the near future will further enable the company to penetrate new markets and increase its revenue.

#### Appreciation

On behalf of the Board, I would like to express my appreciation to the management, employees and agents for their commitment and dedication in their work and to all our customers, shareholders, business associates, financiers and the government authorities for their co-operation and support.

I would also like to thank my fellow colleagues on the Board for their active participation in the Board and guidance in the past year and look forward to their continued support in the future.

**Tan Sri Dato' Thong Yaw Hong**  
Chairman  
18 August 2003



Y.B. Dato' Chan Kong Choy, Minister of Transport, together with Tan Sri Dato' Seri Vincent Tan, Chief Executive Officer presenting the Chinese New Year goodies during the Chinese New Year donation campaign 2003.

为配合致力促进及发展本国体育的承诺，公司也拨款捐助国家体育理事会，赞助各项体育活动和培训初露头角的男女运动员。

我们也没忘记贫苦人士，尤其是国内贫困的乐龄人士。在这一年，本公司也继续主办多多博彩农历新年施赠红包运动，让超过14,000名各族乐龄人士从这项慈善活动受惠。配合公司的爱心关怀企业理念，公司也在回教斋戒月邀请孤儿参加一项开斋晚宴。此外，我们也在开斋节和屠妖节的时候举办佳节欢庆，让参加者欢享美食，获派礼物及红包。

对于那些患上严重疾病而没有能力承担昂贵医药费以保全性命的人士，多多博彩也提供财务援助。此外，来自贫穷家庭的聪敏学生，也获得奖学金继续深造。

#### 今后的展望

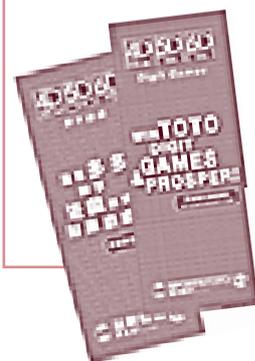
博彩业与消费者的消费和行为，有密切关系。所以，国家经济气候的改善，对公司的业务会有积极的影响。

凭着公司在国内拥有最大网络的销售分店和最多类的博彩，加上由2003年正月1日起万字票首奖奖金提高，公司势将重夺被非法经营者抢去的市场占有率。不久之后即将推出的户口下注系统和额外下注管道，将进一步使公司打入新的市场，增加收益。

#### 鸣谢

我谨代表董事会，对管理层，员工和代理的尽忠职守，以及我们的顾客，股东，往来商家，融资机构和政府机构的合作与支持，致予衷心的感谢。我也要谢谢董事会同仁在过去一年的谅解和指教，并寄望他们今后继续大力支持。

丹斯里拿督汤耀鸿  
主席谨启  
2003年8月18日





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 2003.

## Audit Committee and Meeting Attendances

The members of the Audit Committee comprises the following:-

Tan Sri Dato' Jaffar Bin Abdul

- Chairman/Independent Non-Executive Director

Robert Yong Kuen Loke

- Non-Independent Executive Director

Mohamed Saleh Bin Gomu

- Independent Non-Executive Director

The Audit Committee held four (4) meetings during the financial year ended 30th April 2003. The details of attendance of the Audit Committee members are as follows:-

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

The Internal Audit Manager 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

The activities undertaken by the Audit Committee during the financial year ended 30 April 2003 include 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 responses thereto and ensuring significant findings are adequately addressed by management;

5. Reported to the board on its activities and significant finding and results.
6. Reviewed the shareholders' circulars in relation to the recurrent related party transactions.

## 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.

During the financial year ended 30th April 2003, 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.

The said internal audit department carried a total of 117 audit assignments on STMSB during the financial year. The areas audited included branch audit of company's sales offices, audit of Head Office operating departments, IT audit and software testing of new on-line gaming systems. Internal audit reports were issued to the Audit Committee and the STMSB management, incorporating audit recommendations and management response with regards 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 the Kuala Lumpur Stock Exchange.

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 transaction 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 Kuala Lumpur Stock Exchange ("the Exchange") 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 the Exchange.

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 Kuala Lumpur Stock Exchange Listing Requirements, 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 at least four (4) times a year, with additional meetings being convened when necessary. During the financial year ended 30 April 2003, the Board met four (4) times. Set out in the table below is the record of attendance of the directors:-

Directors	Attendance
Tan Sri Dato' Thong Yaw Hong #	4/4
Tan Sri Dato'Seri Vincent Tan Chee Yioun	2/4
Ng Foo Leong	3/4
Dato' Robin Tan Yeong Ching	3/4
Robert Yong Kuen Loke	4/4
Chan Kien Sing	2/4
Freddie Pang Hock Cheng	4/4
Tan Sri Dato' Jaffar Bin Abdul #	3/4
Mohamed Saleh Bin Gomu #	4/4

# – Denotes Independent / Non-Executive Directors

### ii) Board Balance

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

- The Chairman (Independent / Non-Executive Director)
- 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 that the current Board composition fairly reflects the investment of minority shareholders in the Company 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 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 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 comprises 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 Directors have attended and completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysts Malaysia (RIIAM), an affiliate company of the Kuala Lumpur Stock Exchange ("KLSE"). The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge as well as the latest statutory and/or regulatory requirements on a continuous basis in compliance with Practice Note No.15/2003 of the KLSE 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 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 comprises 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-executives 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 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 Company and the Group categorised into appropriate components for the financial year are as follows:-

	←————— RM'000 —————→					
	Fees	Benefits- in-kind	Salaries and other emoluments	Performance Incentives	Bonus	Total
Executive	–	57	3,334	7,109	447	10,947
Non-Executive	135	–	346	–	25	506
	<u>135</u>	<u>57</u>	<u>3,680</u>	<u>7,109</u>	<u>472</u>	<u>11,453</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 band are as follows:-

	Number of Directors	
	Executive	Non-Executive
RM1 - RM50,000	–	2
RM350,001 - RM400,000	1	–
RM400,001 - RM450,000	2	1
RM550,001 - RM600,000	1	–
RM950,001 - RM1,000,000	1	–
RM8,150,001 - RM8,200,000	1	–
	<u>6</u>	<u>3</u>

## 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](http://www.berjaya.cc) where shareholders as well as members of the public are invited to access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the Kuala Lumpur Stock Exchange website at [www.klse.com.my](http://www.klse.com.my).



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 24 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.

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, due to 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.

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, it has established a Risk Management Committee (“RMC”). The Board entrusts the RMC with the overall responsibility to regularly review and monitor risk management activities of the Group and to approve appropriate risk management procedures and measurement methodologies. Before the establishment of the RMC, a system that manages risk has already been in place. However, this system only lacks mere formality and the Company has now formalized this system with the formation of the RMC. Such move towards a structured risk management process will undoubtedly lead to 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 and Robert Yong Kuen Loke.

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 Report of the Audit Committee are set out on Pages 17 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 :

- Clear organisation structure with defined reporting lines
- Formal operating and draw procedures which set out the expected standards for operations
- Physical security and Systems access controls
- Capable workforce with clear job descriptions, and continuous training efforts
- 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
- Business Continuity Planning
- 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

The external auditors have reviewed this Statement pursuant to paragraph 15.24 of the Kuala Lumpur Stock Exchange Listing Requirements and have reported to the Board that it appropriately reflects the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal control of the Group.

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.



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# directors' report

for the year ended 30 April 2003

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and of the Group for the financial year ended 30 April 2003.

## PRINCIPAL ACTIVITIES

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

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 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	262,971	334,353
Minority interests	(4,340)	–
Net profit for the year	<u>258,631</u>	<u>334,353</u>

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

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from changes made to comply with the requirements set out in MASB 19 : Events After the Balance Sheet Date for dividend as stated in the Prior Year Adjustment under Note 36 to the financial statements.

## DIVIDENDS

The amounts of dividends paid by the Company since 30 April 2002 were as follows :

	RM'000
The second interim gross dividend of 15 sen per share on 557,558,522 ordinary shares with voting rights, less income tax of 28% on 17 June 2002	60,216
The final gross dividend of 25 sen per share on 553,715,410 ordinary shares with voting rights, less income tax of 28% on 10 December 2002	99,668
The special dividend of 170% (45% tax exempt and 125% less income tax of 28%) per share on 556,554,522 ordinary shares with voting rights. An amount of RM685,581,306 of the special dividend had been utilised towards the subscription of the 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS") while the balance of RM65,767,299 had been paid in cash on 9 August 2002	751,349
First interim dividend of 5 sen per share on 692,985,886 ordinary shares with voting rights, less income tax of 28%, paid on 17 March 2003	24,948
Second interim dividend of 5 sen per share on 725,123,295 ordinary shares with voting rights, less income tax of 28%, paid on 16 June 2003	26,105
	<u>962,286</u>



The Directors proposed a final dividend of 28 sen per share less income tax of 28% amounting to approximately RM155,272,531 based on 770,201,046 ordinary shares with voting rights in respect of the current financial year for shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2004.

#### DIRECTORS

The names of Directors of the Company 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  
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, other than as may arise from the share options granted to full-time Executive Directors of the Company pursuant to the Employees' Share Option Scheme ("ESOS").

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in Note 28 to the financial statements and the share options granted as mentioned above) 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.

#### DIRECTORS' INTERESTS

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares, options and debentures in the Company and its related corporations as stated below :

##### The Company

	No. of ordinary shares of RM1.00 each			
	At 1.5.02	Acquired	Disposed	At 30.4.03
Tan Sri Dato' Thong Yaw Hong	132,000	406,000	-	538,000
	52,500*	147,500	-	200,000*
Tan Sri Dato' Seri Vincent Tan Chee Yioun	24,600,000	4,347,000	-	28,947,000
	298,825,172*	3,081,412	1,400,000	300,506,584*
Ng Foo Leong	934,000	1,412,000	-	2,346,000
Dato' Robin Tan Yeong Ching	130,000	238,000	-	368,000
Robert Yong Kuen Loke	370,000	893,000	-	1,263,000
Chan Kien Sing	20,000	127,000	-	147,000
Freddie Pang Hock Cheng	25,000	134,000	-	159,000
Tan Sri Dato' Jaffar bin Abdul	43,750	60,000	-	103,750

# directors' report

for the year ended 30 April 2003

## DIRECTORS' INTERESTS (CONTINUED)

	No. of options over ordinary shares of RM1.00 each			
	At 1.5.02	Adjustment	Exercised	At 30.4.03
Ng Foo Leong	75,000	93,000	–	168,000
Dato' Robin Tan Yeong Ching	150,000	186,000	62,000	274,000
Robert Yong Kuen Loke	180,000	223,200	–	403,200
Chan Kien Sing	180,000	223,200	–	403,200
Freddie Pang Hock Cheng	275,000	341,000	–	616,000

	No. of RM1.00 nominal value of 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012			
	At 1.5.02	Acquired	Disposed / Converted	At 30.4.03
Tan Sri Dato' Thong Yaw Hong	–	331,000	331,000	–
	–*	71,000	71,000	–*
Tan Sri Dato' Seri Vincent Tan Chee Yioun	–	38,771,951	–	38,771,951
	–*	423,712,129	64,272,150	359,439,979*
Ng Foo Leong	–	1,412,000	1,412,000	–
Dato' Robin Tan Yeong Ching	–	176,000	176,000	–
Robert Yong Kuen Loke	–	893,000	893,000	–
Chan Kien Sing	–	127,000	127,000	–
Freddie Pang Hock Cheng	–	134,000	134,000	–
Tan Sri Dato' Jaffar bin Abdul	–	60,000	60,000	–

\* Denotes indirect interests

Mohamed Saleh bin Gomu did not have any interest in the shares, options and debentures in the Company during the financial year.

## ISSUE OF SHARES AND SHARE BUYBACK

During the financial year, the Company issued a total of 3,304,380 (2002 : 9,120,000) shares pursuant to the Employees' Share Option Scheme ("ESOS").

During the financial year, a total of 210,911,325 (2002: Nil) new ordinary shares were issued when RM210,911,325 (2002: Nil) 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. A total of 2,221,581 new ordinary shares of RM1.00 each were issued via the conversion of RM2,665,897 (2002: Nil) ICULS at the rate of RM1.20 nominal value of ICULS for every one fully paid ordinary share.

The Company also bought back 8,558,000 (2002 : 8,391,000) ordinary shares of RM1.00 each for approximately RM43,096,000 (2002 : RM66,635,000) at an average price of RM5.04 (2002 : RM7.94) per share, from the open market with internally generated funds. These shares were held as treasury shares and together with the previous year quantum of 26,292,000 shares, the total treasury shares as at 30 April 2003 amounted to 34,850,000 shares. Accordingly, the issued and paid up share capital of the Company with voting rights as at 30 April 2003 was 766,464,806 (2002 : 558,585,522) shares.

The increase in shares issued pursuant to the ESOS and shares issued arising from ICULS conversion during the year has resulted in an increase in the issued and paid-up share capital of the Company to RM801,314,806 (2002 : RM584,877,522) (Note 18).

Subsequent to the financial year end and up to the date of this report, the Company had issued 5,986,240 new ordinary shares of RM1.00 pursuant to the ESOS. In addition, the Company also issued 9,574,050 new ordinary shares of RM1.00 each when RM9,574,050 ICULS were converted at the rate of RM1.00 nominal value of ICULS plus RM0.20 in cash for one fully paid ordinary share and a total of 4,422,667 new ordinary shares of RM1.00 each were issued via the conversion of RM5,307,200 ICULS at the rate of RM1.20 nominal value of ICULS for every one fully paid ordinary share. The Company also bought back additional 2,250,000 ordinary shares of RM1.00 each for approximately RM9,169,353 at an average price of RM4.08 per share, from the open market with internally generated funds. At the date of this report, the number of treasury shares held by the Company is 37,100,000 shares and the issued and paid-up share capital with voting rights is 784,197,762 shares.



#### 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 principal terms of the ICULS are as follows :

- (a) Conversion rights – the registered holders of the ICULS will have the option at any time during the conversion period to convert the ICULS at the conversion rate into new ordinary shares of RM1.00 each in the Company.
- (b) Conversion price and mode – conversion can be done by surrendering the ICULS with an aggregate nominal value equivalent to the conversion price of RM1.20 per share or by tendering the ICULS at nominal value of RM1.00 each plus RM0.20 in cash.
- (c) Conversion period – the conversion of the ICULS into new ordinary shares of the Company may take place at any time during the tenure of the ICULS.
- (d) The ICULS bear interest at 8% per annum and is payable semi-annually in arrears with the first payment made on 5 February 2003.
- (e) All remaining ICULS at the end of the 10-year tenure shall be automatically converted into new ordinary shares of the Company at the conversion price by surrendering the ICULS with an aggregate nominal value equivalent to the conversion price.
- (f) The new ordinary shares to be allotted and issued upon conversion of the ICULS will rank pari passu in all aspects with the existing ordinary shares of the Company except that they will not rank for any dividends or other distributions declared or to be declared in respect of the financial period prior to the period in which the new ordinary shares are issued. They will also not rank for any interim dividend or distribution of which the declaration date is on or before the conversion date.

#### EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS"), expiring on 31 March 2004 became effective on 22 April 1999. The main features of the ESOS are as follows :

- (a) Eligible staff are those who are confirmed employees including full-time Executive Directors. Staff who have been granted options under the previous Staff Share Option Scheme are only allowed to participate in this new scheme provided they have completed at least five years of continuous service with the Group.
- (b) The options granted may be exercised at any time in the following manner :

Number of Options granted	Percentage of Total Options Exercisable				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 5,000	100%	–	–	–	–
5,000 to less than 100,000	40% *	30%	30% #	–	–
100,000 and above	20%	20%	20%	20%	20%

\* 40% or 5,000 Options, whichever is higher.

# 30% or the remaining number of Options unexercised.

- (c) The options may be exercised in respect of such lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares. Such partial exercise of the options shall not preclude the holders from exercising the balance of the options for the ordinary shares.
- (d) The exercise price for each ordinary share under the Option Scheme shall be the average of the mean market quotation of the shares as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective Date of Offer or at the par value of the ordinary shares of the Company whichever is higher.

# directors' report

for the year ended 30 April 2003

## EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

The movement in the options to take up unissued new ordinary shares of RM1.00 each during the financial year ended 30 April 2003 was as follows:

	Number of ordinary shares under option
<b>At 1 May 2002</b>	8,105,000
Adjustment on the number of options made on 11 June 2002 as a result of the ICULS issuance	10,039,040
	18,144,040
Forfeiture on resignations	(880,320)
	17,263,720
Exercised during the financial year	(3,304,380)
<b>At 30 April 2003</b>	<u>13,959,340</u>

The cumulative options exercised and their remaining unexercised options as at 30 April 2003 were as follows :

	Number of ordinary shares of RM1.00 each		Option price per ordinary share of RM1.00 each
	Cumulative options exercised	Options unexercised	RM
First offer	8,552,200	3,205,760	2.74
Second offer	7,291,180	10,753,580	2.84
	<u>15,843,380</u>	<u>13,959,340</u>	

## OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Company and of the Group 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.
- (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 inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Company and of the Group misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group 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 Company and of the Group 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 Company or of the Group 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 Company or of the Group 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 Company or of the Group to meet their obligations 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 Company or of the Group for the financial year in which this report is made.

**AUDITORS**

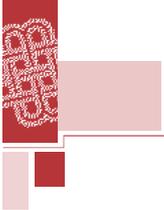
The auditors, Ernst & Young, have expressed their willingness to continue in office.

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  
18 August 2003



## 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 34 to 70 are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2003 and of the results and the cash flows of the Company and of the Group 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  
18 August 2003

## statutory **declaration**

pursuant to section 169(16) of the Companies Act, 1965

I, 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 34 to 70 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        }  
ROBERT YONG KUEN LOKE at Kuala Lumpur                        }  
in the Federal Territory on 18 August 2003                        }

ROBERT YONG KUEN LOKE

Before me,

SOH AH KAU (W315)  
Commissioner for Oaths  
Kuala Lumpur, Malaysia



We have audited the accompanying financial statements set out on pages 34 to 70. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 approved accounting standards in Malaysia so as to give a true and fair view of :
  - (i) the financial position of the Company and of the Group as at 30 April 2003 and of the results and the cash flows of the Company and of the Group 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 the subsidiary companies for 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' report 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 which are 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 Accountants

Kuala Lumpur, Malaysia  
18 August 2003

ONG SENG PHEOW  
1021/03/05(J/PH)  
Partner

# balance sheets

as at 30 April 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	115,086	123,732	46	43
Subsidiary companies	4	–	–	654,616	654,616
Associated companies	5	620	990	167	400
Long term investments	6	11,519	15,570	–	5,015
Investment properties	7	2,580	3,334	–	–
Goodwill on consolidation	8	612,798	642,130	–	–
Other intangible asset	9	3	11	–	–
		<u>742,606</u>	<u>785,767</u>	<u>654,829</u>	<u>660,074</u>
<b>CURRENT ASSETS</b>					
Inventories	10	21,811	9,736	–	–
Trade and other receivables	11	92,361	34,500	9,090	1,228
Amounts due from subsidiary companies and related parties	12	1,058,375	1,106,497	1,406,722	1,382,026
Deposits with financial institutions	13	91,390	101,308	5,500	37,000
Cash and bank balances	14	49,756	54,591	4,253	12,500
		<u>1,313,693</u>	<u>1,306,632</u>	<u>1,425,565</u>	<u>1,432,754</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	15	325,225	396,634	65,285	72,400
Amounts due to subsidiary companies and related parties	16	970	1,074	231,677	399,046
Short term borrowings	17	11,761	7,125	–	–
Taxation		10,207	14,360	3,349	2,670
		<u>348,163</u>	<u>419,193</u>	<u>300,311</u>	<u>474,116</u>
<b>NET CURRENT ASSETS</b>					
		<u>965,530</u>	<u>887,439</u>	<u>1,125,254</u>	<u>958,638</u>
		<u>1,708,136</u>	<u>1,673,206</u>	<u>1,780,083</u>	<u>1,618,712</u>
<b>FINANCED BY:</b>					
Share capital	18	801,315	584,878	801,315	584,878
Share premium	19	192,817	144,180	192,817	144,180
Exchange reserve	20	350	1,230	–	–
ICULS – equity component	21	240,702	–	249,092	–
Retained earnings	22	580,027	1,223,466	484,930	1,052,647
Equity funds		<u>1,815,211</u>	<u>1,953,754</u>	<u>1,728,154</u>	<u>1,781,705</u>
Treasury shares	23	(206,089)	(162,993)	(206,089)	(162,993)
Premium over ICULS bought back	21	(35,348)	–	–	–
Net equity funds		<u>1,573,774</u>	<u>1,790,761</u>	<u>1,522,065</u>	<u>1,618,712</u>
Minority interests	24	(155,116)	(152,585)	–	–
Capital funds		<u>1,418,658</u>	<u>1,638,176</u>	<u>1,522,065</u>	<u>1,618,712</u>
Provisions	25	1,816	475	–	–
Deferred liabilities	26	38,696	34,555	–	–
ICULS – liability component	21	248,966	–	258,018	–
		<u>1,708,136</u>	<u>1,673,206</u>	<u>1,780,083</u>	<u>1,618,712</u>

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

# income statements

for the year ended 30 April 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
REVENUE	27	2,205,646	2,294,343	444,782	292,876
COST OF SALES		(1,667,222)	(1,768,464)	–	–
GROSS PROFIT		538,424	525,879	444,782	292,876
Other operating income		2,447	2,167	140	1,203
Selling and distribution costs		(82,417)	(77,158)	–	–
Administrative and other operating expenses		(87,186)	(84,083)	(6,142)	(13,254)
PROFIT FROM OPERATIONS	28	371,268	366,805	438,780	280,825
Investment related income	29	709	–	–	–
Investment related expenses	30	(32,471)	(213)	(3,248)	–
Interest income	31	78,476	60,380	77,007	57,939
Finance costs	32	(23,368)	(734)	(45,646)	(19,855)
PROFIT AFTER FINANCE COSTS		394,614	426,238	466,893	318,909
Share of results of associated companies		98	(3)	–	–
PROFIT BEFORE TAXATION		394,712	426,235	466,893	318,909
Taxation	33	(131,741)	(133,565)	(132,540)	(92,463)
PROFIT AFTER TAXATION		262,971	292,670	334,353	226,446
Minority interests		(4,340)	10,830	–	–
NET PROFIT FOR THE YEAR		258,631	303,500	334,353	226,446
EARNINGS PER SHARE	34				
– Basic (sen)		40.02	54.46		
– Diluted (sen)		27.07	54.20		
DIVIDENDS PER SHARE (SEN)	35				
– First interim dividend		3.60	7.20		
– Second interim dividend		3.60	10.80		
– Special dividend		135.00	–		
– Proposed final dividend		20.00	18.00		

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

# statement of changes in equity

for the year ended 30 April 2003

	Share capital RM'000	Treasury shares RM'000	Non-distributable				Distributable	Total RM'000
			ICULS–equity component RM'000	Premium over ICULS RM'000	Share premium RM'000	Exchange Reserve RM'000	Retained earnings RM'000	
<b>GROUP</b>								
As at 1 May 2001 (As previously reported)	575,758	(96,358)	–	–	97,731	1,274	1,020,251	1,598,656
Prior year adjustment (Note 36)	–	–	–	–	–	–	52,215	52,215
As at 1 May 2001 (restated)	575,758	(96,358)	–	–	97,731	1,274	1,072,466	1,650,871
Issue of shares	9,120	–	–	–	46,449	–	–	55,569
Translation difference of foreign subsidiary companies	–	–	–	–	–	(44)	–	(44)
Net profit for the year	–	–	–	–	–	–	303,500	303,500
Dividends	–	–	–	–	–	–	(152,500)	(152,500)
Shares buyback (Note 23)	–	(66,635)	–	–	–	–	–	(66,635)
As at 30 April 2002 (restated)	584,878	(162,993)	–	–	144,180	1,230	1,223,466	1,790,761
As at 1 May 2002 (As previously reported)	584,878	(162,993)	–	–	144,180	1,230	1,122,921	1,690,216
Prior year adjustment (Note 36)	–	–	–	–	–	–	100,545	100,545
As at 1 May 2002 (restated)	584,878	(162,993)	–	–	144,180	1,230	1,223,466	1,790,761
Issue of shares	216,437	–	–	–	48,637	–	–	265,074
ICULS – equity component	–	–	240,702	–	–	–	–	240,702
Premium over ICULS bought back	–	–	–	(35,348)	–	–	–	(35,348)
Translation difference of foreign subsidiary companies	–	–	–	–	–	(880)	–	(880)
Net profit for the year	–	–	–	–	–	–	258,631	258,631
Dividends	–	–	–	–	–	–	(902,070)	(902,070)
Shares buyback (Note 23)	–	(43,096)	–	–	–	–	–	(43,096)
As at 30 April 2003	801,315	(206,089)	240,702	(35,348)	192,817	350	580,027	1,573,774

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

# statement of changes in equity

for the year ended 30 April 2003

	Share capital RM'000	Treasury shares RM'000	Non-distributable		Distributable	
			ICULS–equity component RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
<b>COMPANY</b>						
As at 1 May 2001 (As previously reported)	575,758	(96,358)	–	97,731	926,486	1,503,617
Prior year adjustment (Note 36)	–	–	–	–	52,215	52,215
As at 1 May 2001 (restated)	575,758	(96,358)	–	97,731	978,701	1,555,832
Issue of shares	9,120	–	–	46,449	–	55,569
Net profit for the year	–	–	–	–	226,446	226,446
Dividends	–	–	–	–	(152,500)	(152,500)
Shares buyback (Note 23)	–	(66,635)	–	–	–	(66,635)
As at 30 April 2002 (restated)	<u>584,878</u>	<u>(162,993)</u>	<u>–</u>	<u>144,180</u>	<u>1,052,647</u>	<u>1,618,712</u>
As at 1 May 2002 (As previously reported)	584,878	(162,993)	–	144,180	1,012,864	1,578,929
Prior year adjustment (Note 36)	–	–	–	–	39,783	39,783
As at 1 May 2002 (restated)	<u>584,878</u>	<u>(162,993)</u>	<u>–</u>	<u>144,180</u>	<u>1,052,647</u>	<u>1,618,712</u>
Issue of shares	216,437	–	–	48,637	–	265,074
ICULS – equity component	–	–	249,097	–	–	249,097
Net profit for the year	–	–	–	–	334,353	334,353
Dividends	–	–	–	–	(902,070)	(902,070)
Shares buyback (Note 23)	–	(43,096)	–	–	–	(43,096)
As at 30 April 2003	<u>801,315</u>	<u>(206,089)</u>	<u>249,097</u>	<u>192,817</u>	<u>484,930</u>	<u>1,522,070</u>

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

# consolidated cash flow statement

for the year ended 30 April 2003

	2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	2,340,010	2,516,727
Payments to prize winners, suppliers and for other operating expenses	(1,561,268)	(1,587,523)
Payments for pool betting duties, gaming tax, royalties and other government contributions	(508,244)	(536,319)
Payment of corporate taxes	(133,973)	(161,892)
Tax refund	2,059	–
Other receipts	131	193
<b>Net cash flow generated from operating activities</b>	<b>138,715</b>	<b>231,186</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property, plant and equipment	5,189	183
Sale of long term investment	–	3,000
Acquisition of property, plant and equipment	(12,488)	(22,479)
Acquisition of long term investments, including ICULS bought back by a subsidiary company	(61,061)	(4,566)
Purchase of treasury shares by a subsidiary company	(6,222)	(2,504)
Interest received	3,633	3,400
Other receipts arising from investments	416	479
Repayment of advances from a related party	121,755	3,492
Repayment of advances from related parties	177	825
Repayment to related parties	(992)	(16,292)
<b>Net cash flow generated from / (used in) investing activities</b>	<b>50,407</b>	<b>(34,462)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	40,884	55,569
Issue of ICULS	65,767	–
Drawdown of bank borrowings	5,700	–
Repayment of borrowings	(1,064)	(714)
Repayment of hire purchase and lease creditors	(7)	(14)
ICULS interest paid	(24,267)	–
Hire purchase and bank borrowings interest paid	(332)	(480)
Dividends paid	(247,366)	(107,833)
Treasury shares acquired	(43,096)	(66,635)
<b>Net cash flow used in financing activities</b>	<b>(203,781)</b>	<b>(120,107)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(14,659)</b>	<b>76,617</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>155,899</b>	<b>78,898</b>
Effects of exchange rate changes	(94)	384
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)</b>	<b>141,146</b>	<b>155,899</b>
<b>Note A Cash and cash equivalents carried forward comprise the following balance sheet amounts :</b>		
Deposits with financial institutions	91,390	101,308
Cash and bank balances	49,756	54,591
	<b>141,146</b>	<b>155,899</b>

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

# cash flow statement

for the year ended 30 April 2003

	2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment for operating expenses	(5,442)	(2,627)
Payment for corporate tax	(9,471)	(14,474)
Tax refund	2,059	-
Dividends received	320,014	210,642
Net cash flow generated from operating activities	307,160	193,541
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property, plant and equipment	140	2
Acquisition of property, plant and equipment	(25)	-
Interest received	463	157
Repayment from a related party	121,755	3,492
Repayment from related parties and subsidiary companies	7,033	10,363
Repayment / advances to subsidiary companies	(267,842)	(52,194)
Net cash flow used in investing activities	(138,476)	(38,180)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	40,884	55,569
Issue of ICULS	65,767	-
Interest paid	(24,620)	-
Dividends paid	(247,366)	(107,833)
Treasury shares acquired	(43,096)	(66,635)
Net cash flow used in financing activities	(208,431)	(118,899)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(39,747)	36,462
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	49,500	13,038
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)	9,753	49,500
<b>Note A Cash and cash equivalents carried forward comprise the following balance sheet amounts :</b>		
Deposits with financial institutions	5,500	37,000
Cash and bank balances	4,253	12,500
	9,753	49,500

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

## 1 CORPORATE INFORMATION

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

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 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 the Kuala Lumpur Stock Exchange. The registered office of the Company is located at 11th Floor, Menara Berjaya, KL Plaza, 179 Jalan Bukit Bintang, 55100 Kuala Lumpur.

The numbers of employees in the Company and in the Group (excluding directors) at the end of the financial year were 18 (2002 : 17) and 789 (2002 : 789) 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 18 August 2003.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Company and of the Group 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 approved accounting standards issued by Malaysian Accounting Standards Board ("MASB").

### (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 companies controlled by the Company in which the Group has a long term equity interest, and where it has the power to exercise control over financial and operating policies so as to obtain benefits from their activities.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed during the financial year are included in the consolidated income statements from the date of the acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' assets and liabilities are determined and those values are reflected in the consolidated financial statements. Intra-group transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interests is measured at the minorities' share of the post-acquisition fair values of the identifiable net assets and liabilities of the acquiree.

#### (ii) Associated companies

Associated companies are those companies in which the Group has a long term equity interest and where it is in a position to exercise significant influence over the financial and operating policies.

The Group equity accounts for its share of post-acquisition results and reserves of associated companies based on the latest audited or management financial statements from the date of acquisition up to the date of disposal.



**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Goodwill**

The excess of the purchase price of subsidiary companies over the fair value of their underlying attributable net assets at the date of acquisition is included in the consolidated balance sheet as goodwill on consolidation. 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 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 their cost on the straight line basis over their expected useful lives at the following principal 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	5% – 25%
Furniture and fittings	5% – 25%
Motor vehicles	20% – 25%
Renovations	10% – 25%

**(e) Investment in subsidiary and associated companies**

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

**(f) 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.

**(g) Inventories**

Raw materials, finished goods and inventories for resale are stated at the lower of cost and net realisable value determined on a first-in first-out basis.

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.

Work-in-progress are valued at standard cost which approximates actual cost.

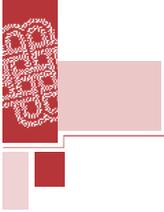
Inventories of completed properties are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**(h) Dividends proposed**

Dividends is recognised once the obligation to pay has been established.

In the current year, in compliance with MASB 19 : Events After the Balance Sheet Date, such dividends are disclosed by way of notes to the financial statements and accounted for as an appropriation of undistributed income in the year where the obligation to pay has been established.



## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Dividends proposed (continued)

Following this change in accounting policy, the amounts for the current and comparative years are stated on the new basis and a prior year adjustment has been made. The effects of this change in accounting policy are disclosed in Note 36 to the financial statements.

### (i) Revenue recognition

#### (i) Gaming activities

Revenue from gaming activities is recognised based on ticket sales in respect of 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) 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.

#### (iv) Lottery equipment lease rental

Revenue from the lease of lottery equipment is recognised based on a percentage of gross receipts from lottery ticket sales, net of taxes.

#### (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.

#### (vi) Other income

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

### (j) Income tax

Income tax on the profit for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that had been enacted at the balance sheet date.

Deferred taxation is provided using the liability method in respect of all timing differences except where it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future.

Deferred tax benefit are only recognised when there is a reasonable expectation of realisation in the near future.

### (k) 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 assets and liabilities at year end are reported at the rates then ruling. All gain and losses arising from foreign currency transactions are dealt with through the income statement.



**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Foreign currencies (continued)**

(ii) Translation of foreign currency financial statements

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, except for share capital which is included at historical rates. The translation differences arising therefrom are taken to an exchange reserve.

The principal exchange rates used in the translation of foreign subsidiary companies financial statements are as follows :

	30.4.2003	30.4.2002
	RM	RM
1 United States Dollar	3.8000	3.8000
1 Hong Kong Dollar	0.4873	0.4873
1 Philippine Peso	0.0720	0.0750

**(l) Other intangible asset**

Pending patent expenditures are incurred in respect of a software for wagering transactions and are amortised over a period of 5 years on a straight line basis.

**(m) Provision for liabilities**

Provisions for liabilities are recognised when the Group has 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.

**(n) Impairment of assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories 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 the discounted future cash flows.

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

**(o) Retirement benefits**

Contributions relating to defined contribution plans are charged to the income statement when incurred.

**(p) Warranty**

The Group gives 6-month 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.

**(q) Research and development costs**

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

**(r) Cash and cash equivalents**

Cash comprises cash on hand 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.

**(s) Financial instruments**

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

**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(s) Financial instruments (continued)**

**(i) Non-current investment**

Investment in unquoted shares and club memberships are stated at cost less impairment losses. The Malaysian Government Securities ("MGS") is stated at cost, adjusted for amortisation of premium or accretion of discounts to maturity date.

**(ii) Receivables**

Trade and other receivables are carried at cost. All known bad debts are written off in the period in which they are identified while doubtful debts are provided for based on an estimation of possible losses which 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) Bank borrowings**

Bank borrowings comprise revolving credits and are measured at their fair values based on the periodic adjustments to the lenders' base lending rates.

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 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.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(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.

**(t) 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 asset 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. Segments 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

	Net book value as at 1 May 2002	Additions	Disposals	Impairment losses/write-off	Reclassifications	Translation exchange differences	Depreciation	Net book value as at 30 April 2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land and buildings	9,693	-	(4,211)	-	-	-	(140)	5,342
Long leasehold land	2,821	-	-	-	-	-	-	2,821
Long leasehold land and buildings	2,480	-	-	(623)	-	-	(59)	1,798
Plant and machinery	371	578	-	-	-	(12)	(300)	637
Computer equipment	27,054	1,834	(12)	-	29,319	(418)	(12,470)	45,307
Office equipment	1,325	312	(1)	(14)	-	6	(328)	1,300
Furniture and fittings	306	144	(15)	-	-	-	(101)	334
Motor vehicles	5,585	3,819	(121)	-	-	(3)	(2,130)	7,150
Renovations	468	1,155	-	-	-	(7)	(175)	1,441
Capital work-in-progress	73,629	4,646	-	-	(29,319)	-	-	48,956
	<u>123,732</u>	<u>12,488</u>	<u>(4,360)</u>	<u>(637)</u>	<u>-</u>	<u>(434)</u>	<u>(15,703)</u>	<u>115,086</u>

	Cost	Accumulated depreciation	Net book value
	RM'000	RM'000	RM'000
<b>As at 30 April 2003</b>			
Freehold land and buildings	6,171	(829)	5,342
Long leasehold land	2,845	(24)	2,821
Long leasehold land and buildings	2,888	(1,090)	1,798
Plant and machinery	3,754	(3,117)	637
Computer equipment	140,263	(94,956)	45,307
Office equipment	8,418	(7,118)	1,300
Furniture and fittings	2,861	(2,527)	334
Motor vehicles	18,801	(11,651)	7,150
Renovations	3,387	(1,946)	1,441
Capital work-in-progress	48,956	-	48,956
	<u>238,344</u>	<u>(123,258)</u>	<u>115,086</u>

<b>As at 30 April 2002</b>			
Freehold land and buildings	10,626	(933)	9,693
Long leasehold land	2,845	(24)	2,821
Long leasehold land and buildings	2,888	(408)	2,480
Plant and machinery	3,256	(2,885)	371
Computer equipment	110,421	(83,367)	27,054
Office equipment	8,427	(7,102)	1,325
Furniture and fittings	2,798	(2,492)	306
Motor vehicles	17,921	(12,336)	5,585
Renovations	2,255	(1,787)	468
Capital work-in-progress	73,629	-	73,629
	<u>235,066</u>	<u>(111,334)</u>	<u>123,732</u>

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

The net book value of property, plant and equipment acquired under hire purchase agreements amounted to RM Nil (2002 : RM9,000) for the Group.

The net book value of property, plant and equipment of a subsidiary company amount to RM 2,295,200 (2002 : Nil) is pledged for borrowings as referred to in Note 17.

# notes to the financial statements

30 April 2003

## 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### COMPANY

	Net book value as at 1 May 2002 RM'000	Additions RM'000	Disposal RM'000	Write-off RM'000	Depre- ciation RM'000	Net book value as at 30 April 2003 RM'000
Computer equipment	14	22	-	-	(7)	29
Office equipment	13	3	-	-	(5)	11
Furniture and fittings	7	-	-	-	(1)	6
Motor vehicles	9	-	-	-	(9)	-
	<u>43</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>46</u>
				<b>Cost</b> RM'000	<b>Accumulated depreciation</b> RM'000	<b>Net book value</b> RM'000
<b>As at 30 April 2003</b>						
Computer equipment				79	(50)	29
Office equipment				53	(42)	11
Furniture and fittings				12	(6)	6
Motor vehicles				323	(323)	-
				<u>467</u>	<u>(421)</u>	<u>46</u>
<b>As at 30 April 2002</b>						
Computer equipment				57	(43)	14
Office equipment				50	(37)	13
Furniture and fittings				12	(5)	7
Motor vehicles				1,218	(1,209)	9
				<u>1,337</u>	<u>(1,294)</u>	<u>43</u>



4 SUBSIDIARY COMPANIES

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost less written down value	654,616	654,616

The details of the subsidiary companies are as follows :

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2003 %	2002 %
<u>Subsidiary companies of Berjaya Sports Toto Berhad</u>				
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
<u>Subsidiary company of FEAB Land Sdn Bhd</u>				
FEAB Realty Sdn Bhd	Malaysia	Property investment	100	100
<u>Subsidiary companies of Sports Toto Malaysia Sdn Bhd</u>				
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
<u>Subsidiary company of Berjaya Sports Toto (Cayman) Limited</u>				
* Berjaya Lottery Management (HK) Limited	Hong Kong	Management of social lottery operations and investment holding	51.5	51.5
<u>Subsidiary companies of Berjaya Lottery Management (HK) Limited</u>				
# Prime Gaming Philippines, Inc.	Philippines	Investment holding	70.04	70.04
* International Lottery & Totalizator Systems, Inc.	United States of America	Manufacturer and distributor of computerised lottery systems	71.43	71.43
<u>Subsidiary company of Prime Gaming Philippines, Inc</u>				
# Philippine Gaming Management Corporation	Philippines	Leasing of on-line lottery equipment	100	100

4 SUBSIDIARY COMPANIES (CONTINUED)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			2003 %	2002 %
<u>Subsidiary companies of International Lottery &amp; Totalizator Systems, Inc.</u>				
* ILTS UK Limited	United Kingdom	Dormant	100	100
* International Lottery & Totalizator Systems Australia Pty. Ltd.	Australia	Dormant	100	100
* ILTS.Com, Inc	United States of America	Dormant	100	100

\* Audited by firms of auditors other than Ernst & Young

# Audited by member firms of Ernst & Young Global

5 ASSOCIATED COMPANIES

	<u>Group</u>		<u>Company</u>	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>At cost</b>				
Unquoted shares	3,060	3,060	400	400
Less : Share of post-acquisition losses	(1,759)	(1,857)	-	-
	<u>1,301</u>	<u>1,203</u>	<u>400</u>	<u>400</u>
Less : Cumulative write down of premium on acquisition	(676)	(213)	-	-
Less : Impairment losses	(5)	-	(233)	-
	<u>620</u>	<u>990</u>	<u>167</u>	<u>400</u>

The Group's investment in the associated companies is analysed as follows :

	<u>Group</u>	
	2003 RM'000	2002 RM'000
Share of net tangible assets	625	527
Premium on acquisition, less written down value	-	463
	<u>625</u>	<u>990</u>
Less: Impairment losses	(5)	-
	<u>620</u>	<u>990</u>



5 ASSOCIATED COMPANIES (CONTINUED)

The associated companies are (continued) :

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2003 %	2002 %
Associated company of <u>Berjaya Sports Toto Berhad</u> Berjaya Racing Management Sdn Bhd	Malaysia	Dormant	20	20
Associated company of <u>Berjaya Sports Toto (Cayman) Limited</u> Suncoast Limited	British Virgin Islands	Dormant	48	48
Associated companies of <u>Berjaya Lottery Management (HK) Limited</u> U-Luck Information Systems Limited	Taiwan	Dormant	39.7	39.7
Taiwan Berjaya U-Luck Limited	Taiwan	Dormant	26	26

6 LONG TERM INVESTMENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost:				
Unquoted shares	5,700	11,567	-	5,015
Quoted shares - outside Malaysia	1,873	-	-	-
Malaysian Government Securities	3,427	3,427	-	-
Less: Cumulative amortisation of premium	(109)	(52)	-	-
	3,318	3,375	-	-
	10,891	14,942	-	5,015
Club memberships	628	628	-	-
	11,519	15,570	-	5,015
At market value:				
Quoted shares - outside Malaysia	1,056	-	-	-
Malaysian Government Securities	3,501	3,367	-	-

The investment in Malaysian Government Securities is deposited with the Malaysian Government in accordance with the Pool Betting Act, 1967 in connection with the issue of the pool betting licence.

No provision for diminution in value is made in respect of the investment in quoted shares in Malaysia as the Directors are of the opinion that the shortfall in market value over the cost is temporary in nature.

7 INVESTMENT PROPERTIES

	Group	
	2003 RM'000	2002 RM'000
<b>At cost</b>		
Freehold land and buildings	3,334	3,334
Less: Impairment loss	(754)	-
	<u>2,580</u>	<u>3,334</u>

The freehold land and buildings are held for investment purposes and not for resale in the ordinary course of business.

8 GOODWILL ON CONSOLIDATION

	Group	
	2003 RM'000	2002 RM'000
At 1 May	642,130	644,527
Add: Arising from deemed acquisition of additional interest in a subsidiary company arising from share buyback	-	840
Less: Write down for impairment loss	(28,234)	-
Translation exchange differences	(1,098)	(3,237)
At 30 April	<u>612,798</u>	<u>642,130</u>

9 OTHER INTANGIBLE ASSET

	Group	
	2003 RM'000	2002 RM'000
<b>Patent</b>		
At 1 May	11	19
Amortisation for the year	(8)	(8)
At 30 April	<u>3</u>	<u>11</u>

10 INVENTORIES

	Group	
	2003 RM'000	2002 RM'000
<b>At cost :</b>		
Gaming equipment components and parts	540	1,296
Ticket inventories	3,366	3,214
Work-in-progress	524	304
Completed houses	3,230	3,515
Land	-	168
	<u>7,660</u>	<u>8,497</u>
<b>At net realisable value :</b>		
Raw materials	12,433	1,216
Finished goods and inventories for resale	1,718	23
	<u>14,151</u>	<u>1,239</u>
	<u>21,811</u>	<u>9,736</u>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM71,388,000 (2002 : RM55,978,000).



**10 INVENTORIES (CONTINUED)**

During the year, the Group reversed provision for obsolete inventory of RM1,110,000 (2002 : RM2,136,000) and this was set off against the obsolete and slow moving inventories.

**11 TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	58,049	10,184	-	-
Other receivables	22,236	6,709	9,004	502
Prepayments	11,701	15,932	-	-
Deposits	1,222	2,046	86	726
	<u>93,208</u>	<u>34,871</u>	<u>9,090</u>	<u>1,228</u>
Less: Provision for doubtful debts	(847)	(371)	-	-
	<u>92,361</u>	<u>34,500</u>	<u>9,090</u>	<u>1,228</u>

Included in other receivables are amount receivable for sale of long term investments.

The Group's normal trade credit term is on an average of 30 days.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a group of debtors.

**12 AMOUNTS DUE FROM SUBSIDIARY COMPANIES AND RELATED PARTIES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Amounts due from:				
Related parties	1,058,375	1,106,497	1,058,120	1,105,032
Subsidiary companies	-	-	348,602	276,994
	<u>1,058,375</u>	<u>1,106,497</u>	<u>1,406,722</u>	<u>1,382,026</u>

In previous financial year, the Company was a subsidiary company of Berjaya Land Berhad ("BLB"). The Directors regarded BLB and Berjaya Group Berhad ("BGB") as the immediate and ultimate holding companies in the previous year. During the year, the Company became an associated company of BLB subsequent to the dilution of its equity interest in the Company.

Related parties in these financial statements refer to companies in the BGB group, other than the subsidiary companies of the Company. The balances due from related parties are unsecured, have no fixed term of repayment and bear interest at an average rate of 2% (2002 : 2%) per annum above the average one year fixed deposit rate of a major licensed bank. The balances with subsidiary companies are unsecured, interest bearing and have no fixed term of repayment.

BLB 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 ICULS on 5 August 2002. BLB undertakes to settle the advances by cash derived principally from dealing in the ICULS held by the BLB group.

**13 DEPOSITS WITH FINANCIAL INSTITUTIONS**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
These comprise fixed and term deposits with:				
Licensed banks	36,142	78,485	5,500	37,000
Licensed finance companies	55,248	22,823	-	-
	<u>91,390</u>	<u>101,308</u>	<u>5,500</u>	<u>37,000</u>

Included in the Group's deposits with financial institutions is an amount of RM87,000 (2002 : RM2,183,000) which is pledged to a bank for facilities granted to a subsidiary company.

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

	Group	Company
	2003	2003
Licensed banks	2.67%	2.50%
Licensed finance companies	2.80%	-

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

	Group	Company
	2003	2003
Licensed banks	18 days	3 days
Licensed finance companies	30 days	-

**14 CASH AND BANK BALANCES**

Included in the cash and bank balances of the Group is cash at bank held under the Housing Development Account of RM1,953,000 (2002 : RM5,075,020) pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

**15 TRADE AND OTHER PAYABLES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade payables	52,367	22,764	-	-
Pool betting duty payable	38,026	17,496	-	-
Other payables	6,650	17,700	756	6,593
Dividend payable	33,365	65,245	33,365	65,245
Accruals	175,560	273,422	11,236	562
Hire purchase creditor	-	7	-	-
ICULS liability component (Note 21)	19,257	-	19,928	-
	<u>325,225</u>	<u>396,634</u>	<u>65,285</u>	<u>72,400</u>

Included in accruals of the Group are accrued contribution to the National Sports Council and provisions for gaming tax.

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



16 AMOUNTS DUE TO SUBSIDIARY COMPANIES AND RELATED PARTIES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Amounts due to :				
Subsidiary companies	-	-	231,602	399,031
Related parties	970	1,074	75	15
	<u>970</u>	<u>1,074</u>	<u>231,677</u>	<u>399,046</u>

The identities of related parties are as defined in Note 12 to the financial statements.

Amounts owing to related parties are unsecured and have no fixed terms of repayments. These amounts are non-interest bearing during the year except for an amount of RM234,000 which bore interest at rates ranging between 4.36% and 4.64% per annum in the previous year.

The amounts due to subsidiary companies are unsecured, bear interest at an average rate of 2% (2002 : 2%) per annum above the average one year fixed deposit rate of a major licensed bank.

17 SHORT TERM BORROWINGS

	Group	
	2003 RM'000	2002 RM'000
Revolving credits, secured	11,761	7,125

The revolving credit facilities are secured by certain quoted shares belonging to certain related parties, property, plant and equipment of a subsidiary company and bear interest at weighted effective rate of 3.77% per annum.

18 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1.00 each		Amount	
	2003 '000	2002 '000	2003 RM'000	2002 RM'000
Authorised:				
At 1 May	2,000,000	1,000,000	2,000,000	1,000,000
Created during the year	-	1,000,000	-	1,000,000
At 30 April	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
At 1 May	584,878	575,758	584,878	575,758
Issued pursuant to ESOS	3,304	9,120	3,304	9,120
Issued pursuant to conversion of ICULS	213,133	-	213,133	-
At 30 April	<u>801,315</u>	<u>584,878</u>	<u>801,315</u>	<u>584,878</u>

**18 SHARE CAPITAL (CONTINUED)**

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

	Number of ordinary shares of RM1.00 each	
	2003 '000	2002 '000
Total number of issued and paid up ordinary shares	801,315	584,878
Less : Ordinary shares held as treasury shares (Note 23)	(34,850)	(26,292)
	<u>766,465</u>	<u>558,586</u>

Options under the ESOS

The movements in the options to take up unissued new ordinary shares of RM1.00 each in the Company during the financial year ended 30 April 2003 are as follows :

	Number of options
<b>At 1 May 2002</b>	8,105,000
Adjustment on the number of options made on 11 June 2002 as a result of the issuance of ICULS	10,039,040
	<u>18,144,040</u>
Forfeiture on resignations	(880,320)
	<u>17,263,720</u>
Exercised during the financial year	(3,304,380)
<b>At 30 April 2003</b>	<u>13,959,340</u>

The cumulative options exercised and remaining unexercised options as at 30 April 2003 are as follows :

	Cumulative number of options exercised	Number of options unexercised	Exercise price per option RM
First offer	8,552,200	3,205,760	2.74
Second offer	7,291,180	10,753,580	2.84
	<u>15,843,380</u>	<u>13,959,340</u>	

**19 SHARE PREMIUM**

	Group and Company	
	2003 RM'000	2002 RM'000
<u>Non-distributable</u>		
At 1 May	144,180	97,731
Arising from shares issued pursuant to ESOS	6,020	46,449
ICULS conversion	42,617	-
At 30 April	<u>192,817</u>	<u>144,180</u>



**20 EXCHANGE RESERVE**

	Group	
	2003 RM'000	2002 RM'000
<u>Non-distributable</u>		
At 1 May	1,230	1,274
Current year translation of net assets in foreign subsidiary companies	(880)	(44)
At 30 April	350	1,230

**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 purpose of offering shareholders the opportunity to further invest in the Company at an attractive yield.

The principal terms of the ICULS are as follows :

- (a) Conversion rights – the registered holders of the ICULS will have the option at any time during the conversion period to convert the ICULS at the conversion rate into new ordinary shares of RM1.00 each in the Company.
- (b) Conversion price and mode – conversion can be done by surrendering the ICULS with an aggregate nominal value equivalent to the conversion price of RM1.20 per share or by tendering the ICULS at nominal value of RM1.00 each plus RM0.20 in cash.
- (c) Conversion period – the conversion of the ICULS into new ordinary shares of the Company may take place at any time during the tenure of the ICULS.
- (d) The ICULS bear interest at 8% per annum and is payable semi-annually in arrears with the first payment made on 5 February 2003.
- (e) All remaining ICULS at the end of the 10-year tenure shall be automatically converted into new ordinary shares of the Company at the conversion price by surrendering the ICULS with an aggregate nominal value equivalent to the conversion price.
- (f) The new ordinary shares to be allotted and issued upon conversion of the ICULS will rank pari passu in all aspects with the existing ordinary shares of the Company except that they will not rank for any dividends or other distributions declared or to be declared in respect of the financial period prior to the period in which the new ordinary shares are issued. They will also not rank for any interim dividend or distribution of which the declaration date is on or before the conversion date.

The ICULS are compound instruments and therefore the nominal value of RM751,348,605 were segregated as equity and liability components of RM348,019,781 and RM403,328,823 respectively upon issuance.

Pursuant to the resolution included in the Circular to shareholders dated 5 April 2002, the Company has 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. As at 30 April 2003, a wholly-owned subsidiary company of the Company purchased a total of RM18,113,000 value of ICULS from the open market for a total consideration of approximately RM53,461,000. There were no cancellation of these ICULS by the Company during the financial year. The excess of the nominal value and the total purchase price of RM35,348,000 is accounted for as premium over ICULS bought back.

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

	Equity component RM'000	Liability component RM'000	Total RM'000
At date of issuance of ICULS	348,020	403,329	751,349
Conversion of ICULS into ordinary shares	(98,928)	(114,649)	(213,577)
Extinguished during the year	–	(10,734)	(10,734)
The Company, at 30 April 2003	249,092	277,946	527,038
ICULS bought back by a subsidiary company	(8,390)	(9,723)	(18,113)
The Group, at 30 April 2003	240,702	268,223	508,925

## 21 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONTINUED)

The liability component is further analysed as follows:

	Group	Company
	2003 RM'000	2003 RM'000
Payable within next 12 months and classified under other payables ( Note 15)	19,257	19,928
Payable after 12 months	248,966	258,018
	268,223	277,946

## 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 RM183,073,000 (2002 : RM325,978,000) and RM91,871,000 (2002 : RM342,321,000) respectively.

## 23 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2003 ( '000)	2002 ( '000)	2003 RM'000	2002 RM'000
At 1 May	26,292	17,901	162,993	96,358
Shares bought back during the year	8,558	8,391	43,096	66,635
At 30 April	34,850	26,292	206,089	162,993

There were no sale, cancellation or distribution of treasury shares during the financial year.

The shareholders of the Company, by an ordinary resolution passed at an extraordinary general meeting held on 15 March 1999, and renewed on 15 October 2002, approved the Company's plan and mandate to authorise the Directors of the Company 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 8,558,000 (2002 : 8,391,000) shares of RM1.00 each from the open market and at an average price of RM5.04 (2002 : RM7.94) for approximately RM43,096,000 (2002 : RM66,635,000) with internally generated funds. The shares bought back to date are held as treasury shares.

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

Month	Price per share (RM)			Number of shares ( '000)	Total consideration RM'000
	Lowest	Highest	Average		
May 2002	8.48	9.08	9.03	1,073	9,692
June 2002	4.12	8.15	7.00	1,358	9,511
July 2002	3.88	4.20	4.13	3,031	12,510
August 2002	3.77	3.95	3.85	2,396	9,234
March 2003	3.04	3.08	3.07	700	2,149
				8,558	43,096



**24 MINORITY INTERESTS**

The minority interests reflect a net debit balance due to losses borne by a minority corporate shareholder. The minority corporate shareholder is deemed to have an obligation to take up its share of liabilities as it is wholly owned by the related party, Berjaya Group Berhad.

**25 PROVISIONS**

	Group	
	2003 RM'000	2002 RM'000
<b>Retirement benefits</b>		
At 1 May	475	369
Additional provision during the year	46	106
Exchange difference	(20)	-
At 30 April	501	475
<b>Sales warranty</b>		
At 1 May	-	-
Additional provision during the year	1,315	-
At 30 April	1,315	-
Total	1,816	475

**26 DEFERRED LIABILITIES**

	Group	
	2003 RM'000	2002 RM'000
Agency deposits (a)	31,117	30,903
Deferred taxation (b)	7,579	3,652
	38,696	34,555

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

(b) The movement in deferred taxation is as follows:

	Group	
	2003 RM'000	2002 RM'000
Balance at 1 May	3,652	4,721
Transfer from / (to) retained earnings (Note 33)	3,927	(1,069)
Balance at 30 April	7,579	3,652

Deferred taxation in respect of both current and cumulative timing differences in subsidiary companies are all accounted for. The deferred tax benefits arising from unabsorbed tax losses have not been accounted for in the financial statements of the Company.

## 27 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 dividend income, 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 Company and the Group analysed into significant categories are as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Dividend income from a subsidiary company	-	-	444,464	292,558
Management fee income	-	-	318	318
Toto betting operations	2,121,180	2,231,597	-	-
Sale of lottery systems and spare part	83,551	50,951	-	-
Software support services	402	602	-	-
Sale of completed houses and land	513	11,193	-	-
	<u>2,205,646</u>	<u>2,294,343</u>	<u>444,782</u>	<u>292,876</u>

## 28 PROFIT FROM OPERATIONS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Profit from operations is stated after charging:</b>				
Auditors' remuneration				
- statutory audit:				
- current year	448	407	34	32
- under provision in previous year	88	99	2	-
- other services	259	423	12	56
Depreciation of property, plant and equipment	15,703	12,296	22	142
Amortisation of intangible asset	8	8	-	-
Directors' emoluments				
- fees	264	247	135	114
- salaries and other emoluments	4,646	3,923	7	123
- performance incentive	7,109	7,130	-	-
- bonus	628	535	-	-
Management fees payable to related party	720	720	720	720
Rent of premises	5,638	4,812	744	914
Toto betting royalty	20,088	55,213	-	-
Rental of equipment	1,025	2,504	-	-
Contribution to National Sports Council	42,826	42,946	-	-
Provision for doubtful debts	570	322	-	-
Bad debts written off	76	1,201	-	4,250
Research and development costs	4,727	5,172	-	-
Impairment loss on property, plant and equipment	623	292	-	292
Unrealised loss on foreign exchange	15	54	-	-
Write down of investment cost in subsidiary companies	-	-	-	4,039
Provision for inventory obsolescence	141	-	-	-
Property, plant and equipment written off	14	-	-	-
	<u>141</u>	<u>-</u>	<u>-</u>	<u>-</u>



28 PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>And crediting:</b>				
Management fees receivable from subsidiary companies	-	-	318	318
Gain on disposal of property, plant and equipment	829	122	140	1
Rental income	2,447	2,150	-	-
Provision for write down in inventories no longer required	-	2,136	-	-
Bad debts recovered	106	-	-	-
Gain on foreign exchange-realised	160	-	-	-
Gain on foreign exchange-unrealised	49	-	-	-
<b>Employee information:</b>				
Staff costs (excluding directors)	50,119	45,882	733	659

The estimated money value of benefits-in-kind received by the Directors is RM57,000 (2002 : RM83,000) for the Group and RM Nil (2002 : Nil) for the Company.

(a) Directors' remuneration

The aggregate Directors' remuneration for Directors of the Company received from the Company and the Group 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
<b>2003</b>						
Executive	-	57	3,334	7,109	447	10,947
Non-Executive	135	-	346	-	25	506
	<u>135</u>	<u>57</u>	<u>3,680</u>	<u>7,109</u>	<u>472</u>	<u>11,453</u>
<b>2002</b>						
Executive	-	68	3,623	7,130	313	11,134
Non-Executive*	114	15	295	-	25	449
	<u>114</u>	<u>83</u>	<u>3,918</u>	<u>7,130</u>	<u>338</u>	<u>11,583</u>

\* The remuneration of the Non-Executive Directors was inclusive of the remuneration of a Director who resigned during the financial year ended 30 April 2002.

**29 INVESTMENT RELATED INCOME**

	Group	
	2003 RM'000	2002 RM'000
Gain on disposal of other investment	709	-

**30 INVESTMENT RELATED EXPENSES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Write down for impairment in value of:				
– goodwill in an offshore subsidiary company	28,234	-	-	-
– investment cost and premium on acquisition in associated companies	468	213	233	-
– investment properties	754	-	-	-
Write down in value of unquoted investment	3,015	-	3,015	-
	<u>32,471</u>	<u>213</u>	<u>3,248</u>	<u>-</u>

**31 INTEREST INCOME**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest on				
– deposits	3,633	3,400	463	157
– advances to related parties	74,843	56,980	74,843	56,201
– advances to subsidiary companies	-	-	1,701	1,581
	<u>78,476</u>	<u>60,380</u>	<u>77,007</u>	<u>57,939</u>

**32 FINANCE COSTS**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest on:				
– ICULS	23,013	-	23,719	-
– advances from subsidiary company	-	-	21,927	19,855
– advances from related company	-	246	-	-
– short term borrowings	331	478	-	-
– hire purchase	1	2	-	-
Other finance charges	23	8	-	-
	<u>23,368</u>	<u>734</u>	<u>45,646</u>	<u>19,855</u>



**33 TAXATION**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Taxation based on profit for the year:				
Malaysian taxation	123,969	130,729	132,553	91,967
Deferred taxation (Note 26)	3,927	(1,069)	-	-
	<u>127,896</u>	<u>129,660</u>	<u>132,553</u>	<u>91,967</u>
(Over) / under provision in prior years	(8)	1,066	(13)	496
Foreign taxation	3,853	2,839	-	-
	<u>131,741</u>	<u>133,565</u>	<u>132,540</u>	<u>92,463</u>

Subject to the agreement by the Inland Revenue Board, the Company has unabsorbed tax losses of RM17,277,000 (2002 : RM17,277,000) which is available for off-set against future taxable income.

The effective tax rate of the Group is higher than the statutory tax due to certain expenses being disallowed for taxation purposes and the non-availability of group relief in respect of losses incurred by certain subsidiary companies.

**34 EARNINGS PER SHARE**

The basic and diluted earnings per share are calculated as follows:

	Group			
	Income (RM'000)		Earnings per share (sen)	
	2003	2002	2003	2002
Net profit for the year	258,631	303,500		
Increase in net profit as a result of interest expense saved from ICULS conversion	24,655	-		
	<u>283,286</u>	<u>303,500</u>		
Basic earnings per share			40.02	54.46
Weighted average number of shares outstanding ('000)	646,350	557,295		
- Number of shares under option	13,959	8,105		
- Number of shares that would have been issued at fair value	(10,294)	(5,412)		
- Number of shares from ICULS conversion	396,320	-		
Number of shares used in the calculation of diluted earnings per share	<u>1,046,335</u>	<u>559,988</u>		
Diluted earnings per share			27.07	54.20

35 DIVIDENDS PER SHARE

	Group and Company			
	2003		2002	
	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 – 5% (2002 : 10%)	3.60	24,948	7.20	40,088
– 2nd interim – 5% (2002 : 15%)	3.60	26,105	10.80	60,216
Special dividend – less tax	90.00	500,899	–	–
– tax exempt	45.00	250,450	–	–
	135.00	751,349	–	–
Final dividend (less tax of 28%) – 28% (2002 : 25%)	20.00	155,273*	18.00	100,545*
Overprovision of dividend in previous year due to share buyback	–	(877)	–	(19)

\* The financial statements do not reflect these proposed dividends in the financial year that they were proposed as they were approved and their obligation to pay were established after the financial year ended 30 April 2003 and 2002.

36 PRIOR YEAR ADJUSTMENT

During the year, the Group and the Company applied MASB Standards No. 19 : Events After The Balance Sheet Date for the first time. Under MASB 19, proposed dividend will no longer be accrued for and proposed final dividend receivable from a subsidiary company will not be recognised until approved by shareholders. The changes in accounting policy have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policy are as follows:

	Group		Company	
	2002 RM'000	2002 RM'000	2002 RM'000	2002 RM'000
	As restated	As previously reported	As restated	As previously reported
<u>Income statement</u>				
– Revenue	–	–	292,876	377,268
– Profit before tax	–	–	318,909	403,301
– Taxation	–	–	(92,463)	(116,093)
– Profit after tax	–	–	226,446	287,208
<u>Statements of changes in equity</u>				
– Retained earnings brought forward	1,223,466	1,122,921	1,052,647	1,012,864
<u>Balance Sheets</u>				
– Trade receivables and other receivables	–	–	1,228	61,990
– Proposed dividend	–	100,545	–	100,545

37 CONTINGENT LIABILITIES

	Company	
	2003 RM'000	2002 RM'000
<u>Unsecured</u>		
Guarantee given to Noteholders for Secured Floating Rate Notes issued by a related party	81,065	106,400
Guarantee given to a financial institution for facility granted to a related party	5,654	7,657
	86,719	114,057

A guarantee fee of 1% (2002 : 1%) per annum is charged for the corporate guarantees provided.



**38 CAPITAL COMMITMENTS**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Capital expenditure for property, plant and equipment				
– Approved and contracted for	5,381	5,381	–	–
– Approved but not contracted for	11,389	6,376	–	–
Non-cancellable operating leases				
– Rental for office premises	7,413	11,178	1,538	2,282
Commitment for other investment				
– Approved but not contracted for	250	–	–	–
	<u>24,433</u>	<u>22,935</u>	<u>1,538</u>	<u>2,282</u>

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Not later than one year	3,509	3,765	769	744
Later than one year but not later than five years	3,904	7,413	769	1,538
	<u>7,413</u>	<u>11,178</u>	<u>1,538</u>	<u>2,282</u>

Included in the approved and contracted capital expenditure for property, plant and equipment are the balances of the purchase considerations for properties amounting to RM5,301,000 (2002 : RM5,301,000) and RM80,000 (2002 : RM80,000) payable to Berjaya Times Square Sdn Bhd and Bukit Tinggi Resort Berhad, respectively.

**39 SIGNIFICANT RELATED PARTY DISCLOSURES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest income from				
– Berjaya Land Berhad – (b)	53,130	40,372	53,130	40,372
– Gateway Benefit Sdn Bhd – (b)	21,713	15,829	21,713	15,829
Interest expense to				
– Sports Toto Malaysia Sdn Bhd – (a)	–	–	21,927	19,855
Purchases of consumables from				
– Graphic Press Group Sdn Bhd – (d)	(11,164)	(12,907)	–	–
Advances given to				
– FEAB Properties Sdn Bhd – (a)	–	–	(78,007)	–
Repayment of advances from / (to)				
– Berjaya Land Berhad – (b)	121,755	3,492	121,755	3,492
– Berjaya Sports Toto (Cayman) Limited – (a)	–	–	(6,973)	–
– FEAB Land Sdn Bhd – (a)	–	–	–	10,319
– FEAB Properties Sdn Bhd – (a)	–	–	–	(14,763)
– Bizurai Bijak (M) Sdn Bhd – (b)	–	(13,112)	–	–
– Sports Toto Malaysia Sdn Bhd – (a)	–	–	(189,056)	(33,908)
Management fees for services rendered by				
– Berjaya Group Berhad – (b)	(720)	(720)	(720)	(720)

**39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Security guard services charges by				
– Berjaya Guard Services Sdn Bhd – (b)	(969)	(914)	–	–
Rental and service charges by				
– Noble Circle (M) Sdn Bhd - (b)	(1,589)	–	(745)	–
Service charges for procurement and provision of printing and advertisement by				
– Novacomm Integrated Sdn Bhd - (b)	(2,275)	(2,221)	(80)	(21)
Purchases of cars from - Hyumal Motor Sdn Bhd - (c),(d)	(1,365)	(1,304)	–	–
Guarantee fee income from				
– Berjaya Group Capital (Cayman) Ltd – (b)	893	1,118	893	1,118

The nature of the related party relationships are as follows:

- (a) subsidiary company
- (b) related party
- (c) company in which a Director of the company, Tan Sri Dato' Seri Vincent Tan Chee Yioun, has interest
- (d) company in which a substantial shareholder, BGB, has interest

The outstanding balances with subsidiary and related parties have been disclosed under Notes 12 and 16 to the financial statements.

The Directors' remuneration are disclosed under Note 28 (a).

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.

**40 FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management Objectives and Policies**

The financial risk management policies of 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.

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 policy in managing its interest rate risk for interest bearing borrowings is to borrow principally on a floating rate basis for working capital purposes.

**40 FINANCIAL INSTRUMENTS (CONTINUED)****(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.

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 for long term investment in quoted shares (Note 6) that was not written down to its fair value as the shortfall is mainly caused by temporary fluctuation of market price of the quoted shares.

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

i) Cash and bank balances, trade and other receivables, trade and other payables, short term borrowings, amount due from / to subsidiary companies and related parties.

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

It is not practical to estimate the fair values of amount due from / to subsidiary companies and other related parties, except for the amount due from BLB, 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 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 or settled.

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 fair value without incurring excessive costs.

Comparatives are not disclosed for certain information relating to financial instruments as permitted by MASB 24 – Financial Instruments: Disclosure and Presentation upon first application.

## 41 SEGMENT INFORMATION

### (a) Business Segments:

The segment information are prepared in accordance to MASB22 : Segment Reporting which was adopted by the Group during the financial year. Comparative information has been restated to conform with current year's presentation.

### 30 April 2003

	Toto betting operations RM'000	Others* RM'000	Inter-segment RM'000	Consolidated RM'000
<b>Revenue</b>				
External sales	2,121,180	84,466	–	2,205,646
Inter-segment sales	–	733	(733)	–
				2,205,646
<b>Result</b>				
Segment results	375,617	(2,569)	1,215	374,263
Unallocated corporate expenses				(2,995)
				371,268
Profit from operations				709
Investment related income				(32,471)
Investment related expenses				78,476
Interest income				(23,368)
Finance costs				98
Share of results of associated companies				394,712
Profit before taxation				(131,741)
Taxation				262,971
Profit after taxation				(4,340)
Minority interests				258,631
Net profit for the year				258,631
<b>Assets</b>				
Segment assets	482,529	235,850	257,024	975,403
Investments in equity method of associated companies	–	620	–	620
Unallocated corporate assets				1,080,276
				2,056,299
Consolidated total assets				2,056,299
<b>Liabilities</b>				
Segment liabilities	262,443	170,736	(139,205)	293,974
Unallocated corporate liabilities				343,667
				637,641
Consolidated total liabilities				637,641
<b>Other information</b>				
Capital expenditure	9,871	2,699	(107)	12,463
– Unallocated corporate expenditure				25
				12,488
Depreciation / Amortisation	15,054	926	(394)	15,586
– Unallocated corporate expenses				125
				15,711
Impairment losses	–	29,456	–	29,456
– Unallocated corporate expenses				623
				30,079



41 SEGMENT INFORMATION (CONTINUED)

30 April 2002

	Toto betting operations RM'000	Others* RM'000	Inter-segment RM'000	Consolidated RM'000
<b>Revenue</b>				
External sales	2,231,597	62,746	–	2,294,343
Inter-segment sales	–	14,451	(14,451)	–
				2,294,343
<b>Result</b>				
Segment results	371,544	8,506	(7,430)	372,620
Unallocated corporate expenses				(5,815)
				366,805
Profit from operations				(213)
Investment related expenses				60,380
Interest income				(734)
Finance costs				(3)
Share of results of associated companies				426,235
Profit before taxation				(133,565)
Taxation				292,670
Profit after taxation				10,830
Minority interests				303,500
Net profit for the year				303,500
<b>Assets</b>				
Segment assets	616,192	132,340	141,919	890,451
Investments in equity method of associated companies	–	990	–	990
Unallocated corporate assets				1,200,958
				2,092,399
Consolidated total assets				2,092,399
<b>Liabilities</b>				
Segment liabilities	403,055	71,256	(121,577)	352,734
Unallocated corporate liabilities				101,489
				454,223
Consolidated total liabilities				454,223
<b>Other information</b>				
Capital expenditure	21,879	600		22,479
Depreciation/Amortisation	11,331	633		11,964
– Unallocated corporate expenses				340
				12,304
Impairment losses	–	213		213
– Unallocated corporate expenses				292
				505

41 SEGMENT INFORMATION (CONTINUED)

(b) Geographical Segments:

Total Revenue from External Customers

	2003			2002		
	External RM'000	Inter- segment RM'000	Total RM'000	External RM'000	Inter- segment RM'000	Total RM'000
Malaysia	2,098,786	(733)	2,098,053	2,227,318	(14,451)	2,212,867
Others	106,860	733	107,593	67,025	14,451	81,476
	<u>2,205,646</u>	<u>-</u>	<u>2,205,646</u>	<u>2,294,343</u>	<u>-</u>	<u>2,294,343</u>

Segment Assets

	2003 RM'000	2002 RM'000
Malaysia	814,390	757,358
Others	54,269	116,667
Unallocated corporate assets	1,187,640	1,218,374
	<u>2,056,299</u>	<u>2,092,399</u>

Capital Expenditure

	2003 RM'000	2002 RM'000
Malaysia	10,364	19,705
Others	2,099	2,774
Unallocated corporate expenditure	25	-
	<u>12,488</u>	<u>22,479</u>

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.

42 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The corporate exercise comprising the ICULS and the special dividend of RM751,348,605 was completed when the ICULS was listed on the KLSE on 9 August 2002. An amount of RM685,581,306 of the special dividend was utilised towards the subscription of the ICULS while the balance of RM65,767,299 was paid in cash on 9 August 2002 from the proceeds of the ICULS subscription.

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. At the date of this report, a wholly-owned subsidiary of the Company has purchased a total of RM26,497,500 nominal value of ICULS from the open market for a total consideration of RM83.9million. There is no cancellation of ICULS by the Company as at the date of announcement.



**42 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (CONTINUED)**

On 23 January 2002, BLB gave the Company a written undertaking relating to the settlement arrangement for the inter-company advances.

On 24 September 2002, Commerce International Merchant Bankers Berhad ("CIMB"), on behalf the Company announced that an application was made to the Securities Commission ("SC") for a further 6 months extension of time for BLB to fulfil the SC's condition that BLB will ensure that at least RM192.374 million ICULS, comprising 50% of the ICULS beneficially owned by the BLB group will be redeemed from the relevant lenders of BGB group of companies within 60 days after the listing of and quotation for the Company's ICULS on the KLSE ("the Undertaking").

On 13 March 2003, CIMB on behalf of the Company's Board of Directors, announced that the SC has, vide its letter dated 8 March 2003 informed that it was unable to consider the Company's request for a further extension of time for BLB to fulfil the Undertaking, in view that the Undertaking given is irrevocable and unconditional.

Notwithstanding the above, CIMB had on 19 February 2003 announced on behalf of the Company that BLB has fulfilled the aforesaid undertaking with respect to the required quantum of ICULS. As at todate, the BLB group would have a total of RM200,278,486 nominal value of ICULS free from encumbrances, before the disposal of an aggregate of RM40,226,000 nominal value of ICULS on 27 January 2003 and 29 January 2003. The ICULS were disposed of at an average price of RM3.03 per ICULS, with the entire net proceeds being applied towards part repayment of the outstanding balances owing by BLB group.

Accordingly, as at todate, the BLB group beneficially owns a balance of RM160,052,486 nominal value of ICULS which are free from encumbrances.

As at 30 April 2003, the outstanding balances owing by the BLB group was RM1,058.1 million, after deducting the cash repayment of RM121 million by BLB including RM120 million derived from the net proceeds from the disposal of RM25 million ICULS on 27 January 2003, and the net proceeds from the disposal of RM15.2 million ICULS on 29 January 2003.

**43 COMPARATIVE FIGURES**

Certain comparative figures were restated due with compliance of the requirements set out in the following accounting standards:

	Group	
	RM'000 As restated	RM'000 As previously reported
(i) <u>MASB 20 : Provisions, Contingent Liabilities &amp; Contingent Assets</u>		
<u>Balance Sheet</u>		
Provision for retirement benefits		
– previously classified in deferred liabilities	–	475
– now classified in provision for liabilities	475	–

(ii) MASB 19 : Events After the Balance Sheet Date

	Group		Company	
	RM'000 As restated	RM'000 As previously reported	RM'000 As restated	RM'000 As previously reported
<u>Income statement</u>				
– Revenue	–	–	292,876	377,268
– Profit before tax	–	–	318,909	403,301
– Taxation	–	–	(92,463)	(116,093)
– Profit after tax	–	–	226,446	287,208
<u>Statements of changes in equity</u>				
– Retained earnings brought forward	1,223,466	1,122,921	1,052,647	1,012,864
<u>Balance Sheets</u>				
– Trade receivables and other receivables	–	–	1,228	61,990
– Proposed dividend	–	100,545	–	100,545

43 COMPARATIVE FIGURES (CONTINUED)

Certain comparative figures were reclassified to conform with the current year's presentation which include mainly:

	Group		Company	
	RM'000 As restated	RM'000 As previously reported	RM'000 As restated	RM'000 As previously reported
(i) <u>Income statements</u>				
Other operating income	2,167	62,547	1,203	59,142
Interest income	60,380	–	57,939	–
Administrative and other operating expenses	(84,083)	(84,296)	–	–
Investment related expenses	(213)	–	–	–
(ii) <u>Trade and other payables (Note 15)</u>				
Other payables	17,700	82,945	6,593	71,838
Dividend payable	65,245	–	65,245	–
(iii) <u>Profit from operations (Note 28)</u>				
Rent of premises	4,812	7,316	–	–
Rental of equipment	2,504	–	–	–

(iv) Retained earnings (Note 22)

For the quantum of Section 108 tax credits balance, the comparative figure has been restated from RM287,163,000 to RM325,978,000.

# list of properties

30 April 2003

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	63 yrs	4,826 sq. ft.	3 units of 2-storey shophouse for rental	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	3 yrs	6,000 sq ft	Restaurant premise	2,400
Lot SL-012 & 013 Sri Pelangi Shoplot Ground Floor, Block C Jalan Genting Klang, Setapak 53300 Kuala Lumpur	Freehold	12.12.1992	9 years	3,049 sq. ft.	2 units of ground floor shoplot - 1 unit for rental and - 1 unit for warehouse purpose	450
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 Kuantan, Pahang Darul Makmur	Freehold	26.09.1992	9 yrs	2,860 sq. ft.	2 units of 3-storey shops - 2 floors for sales office, 3 floors for rental and 1 floor vacant	682
Lot 367, Section 11 Kuching Town Land District Jalan Kulas, Kuching, Sarawak	Freehold	28.03.1994	10 yrs	1,214 sq. ft.	1 unit of 4-storey shophouse - 1 floor for rental, 1 floor for service centre and 2 floors vacant	693
Lot 19, Bornion Commercial Centre Luyang, Kota Kinabalu, Sabah	Leasehold 999 years expiring on 15 May 2915	24.12.1994	10 yrs	3,750 sq. ft.	1 unit of 3-storey shoplot - 2 floors for sales office and 1 floor vacant	537
24, Jalan SS2/66, Petaling Jaya Selangor Darul Ehsan	Freehold	30.12.1994	31 yrs	1,680 sq. ft.	1 unit of 3-storey shophouse for rental	1,244
No. 14, Sri Desa Entrepreneur's Park Jalan Kuchai Lama, Kuala Lumpur	Freehold	23.11.1995	5 yrs	6,706 sq. ft.	1 unit of 5-storey shopoffice - 5 floors for rental	1,431
Kim's Park Business Centre No. 1, Jalan Penjaja 3/A Johor Darul Takzim	Freehold	15.06.1998	4 yrs	2,575 sq. ft.	1 unit of 3 - storey shopoffice - 1 floor for sales office and 2 floors vacant	842

# list of properties

30 April 2003

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Net Book Value RM'000
Berjaya Times Square 11th Floor, No. 1, Jalan Imbi Kuala Lumpur (Proposed address)	Freehold (Strata titles)	06.01.1998	U/C	106,027 sq. ft.	One floor of office space of an integrated commercial development	47,728
Plot B79, B79A, B80, B81 and B82 H.S. (D) 10222, P.T. No. 10961 Bentung Pahang Darul Makmur	Leasehold expiring on 4 May 2094	23.12.1999	-	119,845 sq. ft.	Vacant land	2,611
Lot 2059 C, Lot 2061 C, Street 2, Fortune Hill Villas Xi Zhen, Qiao Xing Da Dao Xiao Lo Dong Lu Duan Panyu Guangdong Province Guang Zhou	Leasehold expiring on 15 March 2064	16.03.1993	N/A	5,723 sq. ft.	2 units of 3 - storey bungalow - vacant	336
Lot 68, No. 99, Chen Du Shi Ren Min Nan Ru Shi Tuan, Jin Xiu Hua Yuan Cheng Du	Leasehold expiring on 1 June 2065	02.06.1994	N/A	3,500 sq. ft.	1 unit of 2 - storey bungalow - vacant	661
Lot 163 & Lot 164 Bei Guang Bie Shu Cu San Chi, Su Zhou	Leasehold expiring on 28 March 2067	29.03.1994	N/A	7,930 sq. ft.	2 units of bungalow - vacant	264

## Notes :

N/A : Not available

U/C : Under construction

## REVALUATION POLICY

The Group does not adopt a policy of regular revaluation.

## MATERIAL CONTRACTS

Other than as disclosed in Notes 12, 38 and 39 of the financial statements for the financial year ended 30 April 2003, neither Berjaya Sports Toto Berhad nor any of its subsidiaries has entered into any material contracts, involving Directors and major shareholders.

# recurrent **related party transactions** of revenue nature



Related parties	Nature of transaction	Name of companies	Amount transacted during the financial year (RM'000)
<b>Berjaya Group Berhad and its unlisted related companies</b>			
Berjaya Registration Services Sdn Bhd	Receipt of share registration services	Berjaya Sports Toto Berhad	110
Berjaya Group Berhad	Management fees payable for services rendered that include, inter-alia, the provision of accounting, secretarial and general administrative services	Berjaya Sports Toto Berhad	720
Berjaya Education Sdn Bhd	Receipt of education and staff training services	Sports Toto Malaysia Sdn Bhd	7
Graphic Press Group Sdn Bhd	Procurement of Toto betting slips printing services	Sports Toto Malaysia Sdn Bhd	11,164
<b>Berjaya Land Berhad and its unlisted related companies</b>			
Berjaya Langkawi Beach Resort Sdn Bhd	Rental of villa at Berjaya Langkawi Beach & Spa Resort	Berjaya Sports Toto Berhad	180
Berjaya Guard Services Sdn Bhd	Receipt of security guard services	Sports Toto Malaysia Sdn Bhd	969
Noble Circle (M) Sdn Bhd	Rental and service charges payable for renting of office at 7th, 8th, 12th, 13th, 14th and 15th floors, Menara Berjaya, KL Plaza, Jalan Bukit Bintang, Kuala Lumpur	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	744 844 <hr/> 1,588
<b>Cosway Corporation Berhad and its unlisted related companies</b>			
Stephens Properties Sdn Bhd	Rental payable for renting of storage space at Lot 22E, Wisma Cosway, Jalan Raja Chulan, Kuala Lumpur	Berjaya Sports Toto Berhad	1
<b>Matrix International Berhad and its unlisted subsidiary</b>			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems and related services	International Lottery & Totalizator Systems, Inc.	205
<b>Other related parties</b>			
Nautilus Corporation Sdn Bhd	Rental payable for renting of Genting View Resort, Pahang for guest use	FEAB Properties Sdn Bhd	18
Bell Textile Industries Sdn Bhd	Rental income receivable for renting of office premises at No. 8, Jalan Gemilang, 8/2 Taman Banang Jaya, Batu Pahat, Johor	FEAB Land Sdn Bhd	18



# statement of directors' shareholdings

as at 12 September 2003

## THE COMPANY

	No. of ordinary shares of RM1.00 each			
	Direct Interest	%	Deemed Interest	%
1. Tan Sri Dato' Thong Yaw Hong	538,000	0.07	200,000	0.02
2. Tan Sri Dato' Seri Vincent Tan Chee Yioun	32,338,100	3.97	298,096,584	36.60
3. Ng Foo Leong	2,346,000	0.29	-	-
4. Dato' Robin Tan Yeong Ching	398,000	0.05	-	-
5. Robert Yong Kuen Loke	1,263,000	0.16	-	-
6. Tan Sri Dato' Jaffar Bin Abdul	103,750	0.01	-	-
7. Chan Kien Sing	147,000	0.02	-	-
8. Freddie Pang Hock Cheng	270,400	0.03	-	-

	RM1.00 nominal amount of 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Vincent Tan Chee Yioun	38,771,951	8.30	371,152,479	79.43

	No. of options over ordinary shares of RM1.00 each	
	Direct Interest	%
Dato' Robin Tan Yeong Ching	244,000	0.03
Ng Foo Leong	168,000	0.02
Robert Yong Kuen Loke	403,200	0.05
Chan Kien Sing	403,200	0.05
Freddie Pang Hock Cheng	466,000	0.06



## 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	487	1.62	8,987	0.00
100 - 1,000	11,170	37.22	10,621,669	1.30
1,001 - 10,000	15,327	51.08	60,553,295	7.44
10,001 - 100,000	2,520	8.40	70,612,970	8.67
100,001 - 40,725,693	505	1.68	672,716,965	82.59
Above 40,725,694*				
<b>Total</b>	<b>30,009</b>	<b>100.00</b>	<b>814,513,886</b>	<b>100.00</b>

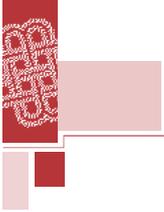
### Note:

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

<u>NO.</u>	<u>NAME</u>	<u>NO. OF SHARES</u>	<u>%</u>
1	Mayban Nominees (Tempatan) Sdn Bhd <i>J.P Morgan Chase Bank Berhad For Gateway Benefit Sdn Bhd (220006)</i>	25,000,000	3.07
2	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	23,401,080	2.87
3	Citicorp Nominees (Tempatan) Sdn Bhd <i>MLPFS For Gateway Benefit Sdn Bhd</i>	22,840,000	2.80
4	Citicorp Nominees (Tempatan) Sdn Bhd <i>MLPFS For Berjaya Land Berhad</i>	17,500,000	2.15
5	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>UBS AG</i>	14,984,345	1.84
6	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01408432026B)</i>	12,725,000	1.56
7	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Growth Fund</i>	11,300,900	1.39
8	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	11,172,100	1.37
9	Thong & Kay Hian Nominees (Tempatan) Sdn Bhd <i>Trans-Pacific Credit Pte Ltd For Gateway Benefit Sdn Bhd</i>	10,389,000	1.28
10	Amsec Nominees (Tempatan) Sdn Bhd <i>AmFinance Berhad For Gateway Benefit Sdn Bhd</i>	9,255,000	1.14
11	HSBC Nominees (Asing) Sdn Bhd <i>Abu Dhabi Investment Authority</i>	8,715,050	1.07



## statistics on shares and convertible securities

as at 12 September 2003

NO.	NAME	NO. OF SHARES	%
12	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	7,900,000	0.97
13	HSBC Nominees (Asing) Sdn Bhd <i>DGZ Intl For Dekalux International (Dekalux Pazifik)</i>	7,869,000	0.97
14	Gateway Benefit Sdn Bhd	7,746,323	0.95
15	Aseam Malaysia Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	7,729,000	0.95
16	PAB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (Inter Pec - CTL)</i>	7,712,000	0.95
17	HSBC Nominees (Asing) Sdn Bhd <i>T Rowe Price International Funds For New Asia Fund</i>	7,452,950	0.92
18	Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	7,364,500	0.90
19	Affin-ACF Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	7,206,000	0.88
20	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Urus Sdn Bhd Berjaya Land Berhad (Berjaya Group Berhad)</i>	6,804,000	0.84
21	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd</i>	6,249,168	0.77
22	Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank Berhad For Gateway Benefit Sdn Bhd</i>	6,200,000	0.76
23	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Savings Fund</i>	6,127,800	0.75
24	HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels For The Great Eastern Life Assurance Co Ltd</i>	5,927,000	0.73
25	Universal Trustee (Malaysia) Berhad <i>SBB High Growth Fund</i>	5,719,600	0.70
26	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Index Fund</i>	5,649,500	0.69
27	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 2)</i>	5,554,000	0.68
28	Cartaban Nominees (Asing) Sdn Bhd <i>Government of Singapore Investment Corporation Pte Ltd For Government of Singapore (C)</i>	5,540,200	0.68
29	Amsec Nominees (Tempatan) Sdn Bhd <i>AmFinance Berhad For Berjaya Land Berhad</i>	5,330,000	0.65
30	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd For Berjaya Land Berhad</i>	5,150,000	0.63
		292,513,516	35.91



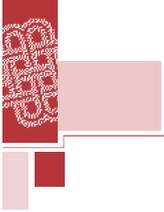
**ANALYSIS OF THE 8% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2002 / 2012 ('ICULS')**

<u>Size of ICULS</u>	<u>No. of ICULS Holders</u>	<u>%</u>	<u>No. of ICULS</u>	<u>%</u>
less than 100	380	4.59	7,608	0.00
100 - 1,000	1,188	14.37	1,014,251	0.22
1,001 - 10,000	5,722	69.19	19,373,974	4.15
10,001 - 100,000	828	10.01	20,890,987	4.47
100,001 - 23,362,354	149	1.80	256,096,376	54.81
Above 23,362,355*	3	0.04	169,863,913	36.35
Total	<u>8,270</u>	<u>100.00</u>	<u>467,247,109</u>	<u>100.00</u>

\* Denotes 5% of the ICULS outstanding

**THIRTY LARGEST ICULS HOLDERS**

<b>NO.</b>	<b>NAME</b>	<b>NO. OF ICULS HELD</b>	<b>%</b>
1	Gateway Benefit Sdn Bhd	93,573,262	20.03
2	Berjaya Land Berhad	50,365,651	10.78
3	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	25,925,000	5.55
4	Immediate Capital Sdn Bhd	20,013,573	4.28
5	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	17,901,000	3.83
6	Mayban Nominees (Tempatan) Sdn Bhd <i>J.P Morgan Chase Bank Berhad For Gateway Benefit Sdn Bhd (220006)</i>	16,000,000	3.42
7	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd</i>	13,378,100	2.86
8	Affin-ACF Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	9,728,100	2.08
9	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Urus Sdn Bhd Berjaya Land Berhad (Berjaya Group Berhad)</i>	9,185,400	1.97
10	HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels For The Great Eastern Life Assurance Co Ltd</i>	7,870,750	1.68
11	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd For Berjaya Land Berhad</i>	6,952,500	1.49
12	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya VTCY Sdn Bhd</i>	6,075,000	1.30
13	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers Sdn Bhd For Berjaya Land Berhad</i>	5,535,000	1.18



## statistics on shares and convertible securities

as at 12 September 2003

NO.	NAME	NO. OF ICULS HELD	%
14	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	5,479,000	1.17
15	Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank Berhad For Berjaya Land Berhad</i>	5,400,000	1.16
16	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers (L) Ltd For Berjaya Land Berhad</i>	4,725,000	1.01
17	OSK Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Bukit Tinggi Resort Berhad</i>	4,300,000	0.92
18	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Urus Sdn Bhd For Berjaya Land Berhad (Cosway Corporation Berhad)</i>	4,009,500	0.86
19	Citicorp Nominees (Tempatan) Sdn Bhd <i>MLPFS For Berjaya Land Berhad</i>	3,949,000	0.85
20	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad (94003A)</i>	3,820,500	0.82
21	Thong & Kay Hian Nominees (Tempatan) Sdn Bhd <i>Trans-Pacific Credit Pte Ltd For Gateway Benefit Sdn Bhd</i>	3,500,000	0.75
22	AMMB Nominees (Tempatan) Sdn Bhd <i>AmInternational (L) Ltd For Gateway Benefit Sdn Bhd (6/115-5)</i>	3,375,000	0.72
23	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers Sdn Bhd For Berjaya Land Berhad (Berjaya Group Berhad)</i>	3,267,000	0.70
24	Universal Trustee (Malaysia) Berhad <i>Mayban Unit Trust Fund</i>	3,172,500	0.68
25	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers (L) Ltd For Gateway Benefit Sdn Bhd</i>	3,105,000	0.66
26	Affin-ACF Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Immediate Capital Sdn Bhd</i>	3,048,300	0.65
27	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Immediate Capital Sdn Bhd (PCL 681051)</i>	2,970,000	0.64
28	PAB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BSNC - Jln Bunus)</i>	2,970,000	0.64
29	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers Sdn Bhd For Gateway Benefit Sdn Bhd (Berjaya Group Berhad)</i>	2,835,000	0.61
30	Scotia Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	2,611,000	0.56
		345,040,136	73.85

# substantial shareholders

as at 12 September 2003

Names of Substantial Shareholders	No. of Shares			
	Shareholder Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	149,685,491	18.38	–	–
Berjaya Land Berhad	107,208,723	13.16	174,275,323(a)	21.40
Teras Mewah Sdn Bhd	–	–	281,484,046(b)	34.56
Berjaya Group Berhad	–	–	292,257,584(c)	35.88
Tan Sri Dato' Seri Vincent Tan Chee Yioun	32,338,100	3.97	298,096,584(d)	36.60
Oversea-Chinese Banking Corporation Limited	–	–	41,327,080(e)	5.07
Great Eastern Holdings Limited	–	–	41,327,080(f)	5.07

## 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, Juara Sejati Sdn Bhd, Garima Holdings Sdn Bhd, Espeetex Sdn Bhd, Berjaya Group Equity (Cayman) Limited and its interests in the related companies, Prime Credit Leasing Sdn Bhd, Berjaya General Insurance Berhad, Inter-Pacific Securities Sdn Bhd and Eng Securities Sdn Bhd.
- (d) Deemed interested by virtue of his interest in Berjaya Group Berhad, B & B Enterprise Sdn Bhd, Berjaya VTCY Sdn Bhd and Bukit Tinggi Resort Berhad and his deem interest in Desiran Unggul Sdn Bhd, a wholly-owned subsidiary of Intan Utilities Berhad.
- (e) Deemed to have an interest arising from its interest in Great Eastern Holdings Limited.
- (f) Deemed to have an interest pursuant to Section 6A(4) (C) of the Companies Act, 1965.

# 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 Wednesday, 22 October 2003 at 10.30 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 2003 and the Directors' and Auditors' Reports thereon. RESOLUTION 1
2. To approve the payment of a final dividend of 28% per share less income tax in respect of the year ended 30 April 2003. RESOLUTION 2
3. To approve the payment of Directors' fees amounting to RM135,000 for the year ended 30 April 2003. RESOLUTION 3
4. To re-elect the following Directors who retire pursuant to Article 98(A) of the Company's Articles of Association:-
  - a) Dato' Robin Tan Yeong Ching RESOLUTION 4
  - b) Mohamed Saleh Bin Gomu RESOLUTION 5
5. 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 6
6. 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 7
7. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. RESOLUTION 8
8. As special business:-
  - (a) To consider and, if thought fit, pass the following Ordinary Resolution :-

### **Authority to Allot and Issue 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 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 in force until the conclusion of the next Annual General Meeting of the Company."

RESOLUTION 9

- (b) To consider and, if thought fit, pass the following Special Resolution:-

### **Amendment to the Company's Articles of Association**

"That the Company's Articles of Association be amended by inserting the following new Article 89A immediately after the existing Article 89:-

#### Article 89A

The conduct of a meeting of Directors or a committee of the Directors may include a participation thereat by any Director via telephone conferencing and/or videoconferencing or any other interactive means of audio or audio-visual communications whereby all participating persons are able to hear each other or be heard during the meeting. A Director's participation in the manner as aforesaid shall be deemed to be present at the meeting and be counted for the purpose of a quorum. He shall also be entitled to vote thereat. Any meeting held in such manner shall be deemed to be or have been held at such time and place as set out in the notice of meeting."

RESOLUTION 10



## NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

**NOTICE IS ALSO HEREBY GIVEN THAT** the final dividend of 28% per share less income tax in respect of the financial year ended 30 April 2003, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid on 8 December 2003.

The entitlement date shall be fixed on 13 November 2003 and a Depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 13 November 2003 in respect of ordinary transfers.
- b. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board  
SU SWEE HONG  
Secretary

Kuala Lumpur  
30 September 2003

## 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 need not be a member of the Company and does not need to comply with section 149(1)(b) of the Companies Act, 1965.
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, either under 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, 11th Floor, Menara Berjaya, KL Plaza, 179 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

### (B) RESOLUTIONS 4, 5, 6 AND 7

The particulars of the Directors who are standing for re-election/re-appointment are as follows:-

1. Dato' Robin Tan Yeong Ching (please refer to Profiles of Board of Directors on Page 4 and Statement of Directors' Shareholdings on Page 74 of the Annual Report).
2. Mohamed Saleh Bin Gomu (please refer to Profiles of Board of Directors on Page 7 of the Annual Report).
3. Tan Sri Dato' Thong Yaw Hong (please refer to Profiles of Board of Directors on Page 3 and Statement of Directors' Shareholdings on Page 74 of the Annual Report).
4. Tan Sri Dato' Jaffar Bin Abdul (please refer to Profiles of Board of Directors on Page 6 and Statement of Directors' Shareholdings on Page 74 of the Annual Report).

The details of Directors' attendance for Board Meetings are set out on Page 20 of the Annual Report.



## notice of annual general meeting

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### (C) SPECIAL BUSINESS

- (i) Resolution 9 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 from the unissued 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 10 for the proposed amendment of the Articles of Association of the Company will be passed as a Special Resolution and if approved, will allow the Company to conduct meetings of the Directors via telephone conferencing and/or videoconferencing or any other interactive means of audio or audio-visual communications.

I/We \_\_\_\_\_  
(Name in full)

I.C. or Company No. \_\_\_\_\_ CDS Account 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 Wednesday, 22 October 2003 at 10.30 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 final dividend		
RESOLUTION 3 - To approve payment of Directors' Fees		
RESOLUTION 4 - To re-elect Dato' Robin Tan Yeong Ching as Director		
RESOLUTION 5 - To re-elect Mohamed Saleh Bin Gomu as Director		
RESOLUTION 6 - To re-appoint Tan Sri Dato' Thong Yaw Hong as Director		
RESOLUTION 7 - To re-appoint Tan Sri Dato' Jaffar Bin Abdul as Director		
RESOLUTION 8 - To re-appoint Auditors		
RESOLUTION 9 - To approve authority to allot and issue shares		
RESOLUTION 10 - To amend the company's Articles of Association		

No. of Shares held

\_\_\_\_\_  
Signature of Shareholder

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2003

**NOTES:**

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy need not be a member of the Company and does not need to comply with Section 149(1)(b) of the Companies Act, 1965.
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, in the case of an individual, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under 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 at 11th Floor, Menara Berjaya, KL Plaza, 179 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Affix Stamp

THE COMPANY SECRETARY  
**BERJAYA SPORTS TOTO BERHAD**  
11TH FLOOR, MENARA BERJAYA, KL PLAZA,  
179 JALAN BUKIT BINTANG  
55100 KUALA LUMPUR

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1st fold here

**GROUP ADDRESSES:**

**Sports Toto Malaysia Sdn Bhd**

Level 10, Menara Prime  
30, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03 - 2148 9888  
E-mail: [webmaster@sportstoto.com.my](mailto:webmaster@sportstoto.com.my)

**Berjaya Lottery Management (HK) Limited**

2301, Wing On House  
71, Des Voeux Road  
Central, Hong Kong  
Tel: 852 - 2877 6616

**International Lottery & Totalizator Systems, Inc**

2131, Faraday Avenue  
Carlsbad, USA  
Tel: 760 - 931 4000  
E-mail: [mktg@ilts.com](mailto:mktg@ilts.com)

**Prime Gaming Philippines, Inc.**

**Philippine Gaming Management Corporation**

29th Floor, Rufino Pacific Tower  
6784, Ayala Ave., Cor. Herrera Street, Makati  
Metro Manila, the Philippines  
Tel: 632 - 811 0668

**THE COMPANY SECRETARY**

11th Floor, Menara Berjaya  
KL Plaza, 179 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: 03-2935 8888 Fax: 03-2935 8043  
<http://www.sportstoto.com>  
<http://www.berjaya.cc>

