



**BERJAYA**

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

برجاي سפורتس توتو برحد  
成功多多博彩有限公司



ANNUAL REPORT  
**2004**  
LAPORAN TAHUNAN

# contents

Our Mission & Vision	1	2	Corporate Profile
Corporate Information	3	4	Profiles of Board of Directors
Chairman's Statement	9	17	Corporate Structure
Group Financial Summary	18	19	Group Financial Highlights
Audit Committee Report	20	23	Statement on Corporate Governance
Statement on Internal Control	27	28	Financial Statements
List of Properties	75	76	Material Contracts
Recurrent Related Party Transactions of Revenue Nature	77	78	Statement of Directors' Shareholdings
Statistics on Shares & Convertible Securities	79	83	Substantial Shareholders
Notice of Annual General Meeting	84		
Form of Proxy			

# our mission & vision

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

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



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

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

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

# corporate profile

**Berjaya 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 18 years is highlighted below:

	30-4-2004 Million		31-12-85 Million		18 Years' Annualised Increase (%)
	RM	US\$	RM	US\$	
Revenue	2,431.8	640.0	76.0	20.0	172.2
Pre-tax Profit	432.1	113.7	5.0	1.3	474.6
Shareholders' Funds	140.3	36.9	1.0	0.3	773.9
Total Assets	404.0	106.3	12.7	3.3	171.2
Total No. of Employees	614		431		

Exchange rate : US\$1.00 = RM3.80

# corporate information

## 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

Datuk Robert Yong Kuen Loke

Chan Kien Sing

Freddie Pang Hock Cheng

### *Directors*

Tan Sri Dato' Jaffar Bin Abdul

Mohamed Saleh Bin Gomu

## SECRETARIES

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

## 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  
- Datuk Robert Yong Kuen Loke

## SHARE REGISTRARS

Berjaya Registration Services Sdn Bhd  
Lot C1-C3, Block C  
2nd Floor, KL Plaza  
179 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: 03-21450533  
Fax: 03-21459702



## 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: 03-29358888  
Fax: 03-29358043

## PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad  
Malayan Banking Berhad

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

## STOCK SHORT NAME

BJTOTO (1562)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

## profiles of board of directors



### **TAN SRI DATO' THONG YAW HONG**

**丹斯里拿督汤耀鸿**

74 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 Mining Corporation Berhad and Public Bank Berhad. He is also a Director in Berjaya General Insurance Berhad, KTM Berhad, Malaysian South-South Corporation Berhad, Public Merchant Bank Berhad and several other private companies including Sports Toto Malaysia Sdn Bhd. He also serves as a member on the Boards of Trustees of Program Pertukaran Fellowship Perdana Menteri Malaysia, Tun Razak Foundation 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 YIOUM**

**丹斯里拿督斯里陈志远**

52 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, Internet-related businesses, utilities, media, insurance and education 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, Nexnews Berhad and Informatics Holdings Ltd, Singapore and the Managing Director of Sports Toto Malaysia Sdn Bhd. 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.

## profiles of board of directors

---

**NG FOO LEONG****吴富亮**

53 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 Philippines 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**

30 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.



## profiles of board of directors



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

**拿督杨群录**

52 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 several other private limited companies.



### **CHAN KIEN SING**

**陈健星**

48 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 the Chairman of Berjaya Holdings (HK) Limited, a Director of Matrix International Berhad, Berjaya Vacation Club Berhad and International Lottery & Totalizator Systems, Inc. (USA) and an alternate Director in DiGi.Com Berhad and Nexnews Berhad. He also holds directorships in DiGi Telecommunications Sdn Bhd and several other private limited companies.

## profiles of board of directors

**FREDDIE PANG HOCK CHENG****彭福清**

49 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, a Director of Nexnews Berhad, MOL.com Berhad, Dunham-Bush (Malaysia) Bhd, Intan Utilities Berhad, Hyundai-Berjaya Corporation Berhad, Informatics Holdings Ltd, Singapore, Berjaya Vacation Club Berhad and several other private limited companies.

**TAN SRI DATO' JAFFAR BIN ABDUL****丹斯里拿督查化敏阿都**

72 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.



# profiles of board of directors

**MOHAMED SALEH BIN GOMU****莫哈末沙烈敏国目**

54 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.

# chairman's statement

## 主席报告

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 2004.

### Financial Results

For the financial year under review, the Group registered a revenue of RM2.48 billion, representing an increase of 12.2% compared to RM2.21 billion in the previous financial year and a pre-tax profit of RM437.99 million, an increase of 11% compared to RM393.58 million in the previous year. The increase in revenue and pre-tax profit was mainly attributed to its principal subsidiary, Sports Toto Malaysia Sdn Bhd ("Sports Toto") achieving a significant increase in the sales of the 4-Digit game. During the year under review Sports Toto also had two draws more than the previous financial year.

本人谨此欣然代表董事局，呈上截至2004年4月30日截止年度的常年报告与财务报告。

### 财政业绩

在本财政年度，本集团的总收入为24亿8千万令吉，比上一年度的22亿1千万令吉增长了12.2%；税前盈利为4亿3千7百99万令吉，比上一年的3亿9千3百58万令吉增长了11%。总收入及税前盈利的增加，主要来自第一子公司马来西亚多多博彩私人有限公司 (Sports Toto) 在万字票销售方面取得了优异的增长。在本财政年度，多多博彩也比上一年度增加了两次抽奖。

# chairman's statement



A Sports Toto outlet.



Sales Counter in a Sports Toto outlet.

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

## Dividend

The Board has declared and paid a first interim dividend of 8% per share less 28% income tax on 23 February 2004 and a second interim dividend of 20% per share less 28% income tax on 31 May 2004. The total dividend distribution per share in respect of the financial year ended 30 April 2004 was 28% per share less 28% income tax or a total net dividend of approximately RM193.3 million. (2003: 38% per share less 28% income tax or a total dividend of approximately RM207.3 million).



A Sports Toto outlet.

Going forward, the Company has adopted a general policy of distributing at least 75% of its net earnings to shareholders with effect from financial year 2005. The Company will maintain the 75% payment in the future subject to a number of factors such as availability of distributable reserves and tax credits to frank the dividends and the Company's future cash flow requirements. The proposed dividend payments for each financial year will generally be paid in three tranches comprising two interim dividends and a final dividend.

然而，本年度的股东净盈利，从上一年度的2亿5千7百50万令吉降至1亿3千8百零4万令吉；下降了46.4%。这主要是因为往年累积为数1亿5千1百90万令吉的少数股东贷项余额在本年度被注销的原故。被注销的少数股东贷项余额乃是分配予少数企业股东成功集团(开曼)有限公司在成功博彩管理(香港)有限公司内占有48.5%股权的累积亏损。此累积亏损注销是因为该少数企业股东表示其无意再进一步增加其在此公司的投资。这些累积下来的亏损主要来自集团在海外如中国、台湾、俄罗斯、巴布亚新几内亚、加纳与多米尼加共和国的博彩管理服务合同和投标博彩业失败所致。这些服务合同已经终止。少数股东权益问题是一个历史性会计账项，对2004财政年度公司的现金周转与股息分派以及公司的基础业务因素都不会有任何影响。

## 股息

董事局已在2004年2月23日申报并付出第一次须扣除28%所得税的8%期中股息，第二次须扣税28%的20%期中股息则于2004年5月31日派发。截至2004年4月30日本财政年度总派股息为每股28%须扣税28%或净股息总额约为1亿9千3百30万令吉(2003年每股股息为38%须扣税28%或净股息总额约为2亿零7百30万令吉)。

展望未来，从2005财政年度开始，公司的政策是最少将净收益的75%分发给股东们。公司将亦将维持此75%分派股息政策，惟视若干因素而定。例如是否



# chairman's statement



## Corporate Developments

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 to the Company. As the Company has no immediate plans to redeploy such funds, the Board would propose to distribute any surplus funds to shareholders.



A Toto draw in progress.

Subsequently on 11 February 2004, Berjaya Land announced details of its proposal to undertake a placement of up to 200 million ordinary shares of RM1.00 each and/or up to RM200 million nominal value of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") ("Proposed Disposal") in the Company instead of only a placement of up to 200 million ordinary shares of RM1.00 each in the Company as announced earlier. The ability to place out and timing of the Proposed Disposal are very much dependent on the stock market sentiments and the market price of the underlying Berjaya Sports Toto Berhad shares and ICULS. The Board of Berjaya Land will decide on the appropriate timing of the Proposed Disposal.



A Toto draw in progress.

During the financial year under review, the Company bought back a total of 2.25 million ordinary shares from the open market, for a total consideration of RM9.169 million or at an average cost of RM4.08 per share. The cumulative number of shares bought back as at 30 April 2004 was 37.1 million. These shares are being held as treasury shares and none were cancelled or sold as at the financial year ended 30 April 2004.

As at 30 April 2004, a wholly-owned subsidiary of the Company has purchased a total of RM26.5 million nominal value of ICULS from the open market for a total consideration of RM83.9 million. There is no cancellation or sale of these ICULS as at the financial year ended 30 April 2004.

有可供分派的储备金，有应纳税抵免以抵消股息以及公司未来的现金周转需求。此推荐分派股息，在每一年度分三次付出，即两次期中股息和一次终期股息。

## 企业发展

在2003年8月14日公司宣布，已获成功置地有限公司("成功置地")通知，该公司打算配售在成功多多博彩的股权，数目多达2亿股每股RM1.00的普通股，主要目的是要减少欠下本公司的公司与公司之间的借贷。由于公司并无立即计划动用这笔款项。董事局将建议把过剩的资金分派给股东。后来，在2004年2月11日，成功置地宣布修改建议要配售多达2亿普通股每股RM1.00以及/或者多达面值2亿零吉的不可赎回，可转换，无抵押债券股(ICULS)(建议出售)，而不是如先前公布，只配售在本公司多达2亿股每股面值RM1.00的普通股股权。

至于配售的能力与"建议出售"的时机则取决于股市的情绪与成功多多博彩有限公司的股票与其ICULS的价格。成功置地有限公司董事局将决定"建议出售"的适当时机。

在本财政年度，公司以平均每股RM4.08的价格从公开市场买回2百25万普通股总值9百16万9千令吉。截至2004年4月30日累积购回股票数目共有3千7百10万股。这些股票全部当作库存股票持有，截至2004年4月30日仍未有任何股票被取消或卖出。



# chairman's statement



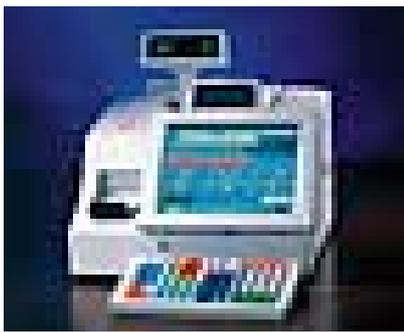
Sales Counter in a Sports Toto outlet.

## Review of Operations

### Malaysia

For the financial year under review, Sports Toto recorded a revenue of RM2.432 billion, an increase of 15.98% from the previous year's revenue of RM2.097 billion. The higher revenue was attributed to the significant increase in sales of the 4-Digit game as well as improved consumer spending. The financial year under review also had two draws more than the previous financial year.

Profit before taxation increased by 12.44% to RM432.1 million compared to RM384.3 million in the previous financial year. The lower increase in profit before taxation compared to the increase in revenue was on account of a relatively higher prize payout of the 4-Digit game in the financial year under review.



The new on-line sales terminal.

During the year under review, the company completed the first phase of its new on-line system comprising 1,000 new sales terminals, central computer system and application software at a cost of more than RM30 million. The first phase was implemented in stages starting from 8 August 2002 and was fully completed in May 2003. The company subsequently embarked on the second phase of the implementation involving an additional 1,500 terminals at a cost of approximately RM32 million. The first stage of the implementation comprising 700 terminals was completed in

March 2004 while the second stage comprising 800 terminals was completed in July 2004. With the successful completion of the conversion exercise, all sales terminals throughout the country are now running on a single on-line lottery system.

### The Philippines

For the financial year under review, Prime Gaming Philippines, Inc. ("PGPI") reported a revenue of Peso 332.9 million, a decrease of 0.6% from the previous year's revenue of Peso 334.9 million. Profit before taxation decreased by 15.43% to Peso 128.3 million compared to Peso 151.7 million in the previous financial year. In compliance with International Accounting Standard No. 22, goodwill on consolidation is amortised over a period of 20 years instead of 40 years which was the basis adopted by the company previously. Arising from this, the annual amortisation for goodwill was increased by Peso 13.7 million.

截至2004年4月30日，公司的一间全资子公司从公开市场购入面值2千6百50万令吉的不可赎回，可转换，无抵押债券总值8千3百90万令吉。至2004年4月30日，这批不可赎回，可转换，无抵押债券仍未被取消或卖出。

## 营运检讨

### 马来西亚

在本财政年度，多多博彩的营运总额高达24亿3千2百万令吉，较上个财政年的20亿9千7百万令吉，增长了15.98%。较高的营运额增长来自万字博彩销售额的大量增加，和消费者更舍得花费。本财政年度也比上个财政年度多了两次抽奖。

税前盈利比上个财政年度的3亿8千4百30万令吉，增加12.44%，达4亿3千2百10万令吉。相对于总营运额的增长，税前盈利增幅反而较低，这是因为本财政年度万字博彩奖金派发率比较高所致。

在本财政年度，公司完成了其第一阶段新连线系统，包括1,000台新的销售终端机，中央电脑系统及应用软件，总值3千万令吉。第一阶段从2002年8月8日开始分期进行，到2003年5月全部完成。公司接著进行第二阶段，增多1,500台销售终端机，耗资约3千2百万令吉。首期在2004年3月完成了700个销售终端机的安装，而第二期则在2004年8月完成安装800个销售终端机。转换很成功，现在，所有销售终端机均以单一连线博彩系统方式，在全国各地操作。



# chairman's statement



The new Toto draw venue is located on Level 13 of Berjaya Times Square, Kuala Lumpur.

Its wholly-owned subsidiary, Philippine Gaming Management Corporation ("PGMC"), recorded a revenue of Peso 332.9 million, a decrease of 0.6% compared to Peso 334.9 million achieved in the previous financial year. The previous financial year was an exceptional period in which the two highest jackpots for the Superlotto 6/49 were recorded. Profit before taxation fell by 6.0% to Peso 121.8 million compared to Peso 129.6 million in the previous financial year arising from the lower revenue and increase in operating costs.



Live draw of the new 2 number game called EZ2 launched in Philippines.

There are now a total of 6 games in the Philippines namely Lotto 6/42, Megalotto 6/45, Superlotto 6/49, 4-Digit, 6-Digit and EZ2 games. The new two number game called EZ2 was launched on 4 July 2004 and the first draw was held on 5 July 2004. Draws for this new game are held daily from Monday to Sunday. Plans are underway to introduce more new games as well as to increase the frequency of draws for the existing games. To-date, more than 1,500 terminals have been installed in over 1,000 outlets operating in Luzon Island.

### The United States of America

International Lottery & Totalizator Systems, Inc. ("ILTS") in the USA reported a revenue of USD10.8 million for the financial year under review, a decrease of 52.6% compared to USD22.8 million in the previous financial year. There were fewer bidding opportunities for the company in an environment of increased competition from both larger system suppliers as well as new competitors in the market.

Against this background, together with increased operating overheads, the company reported a net loss of USD1.8 million for the year under review compared to a net profit of USD0.8 million in the previous financial year.

The company has embarked on a strategy to offer its products at competitive prices without compromising on quality. This involves purchasing standard off the shelf components to develop its lottery sales terminals as well as outsourcing some of its software functions to third parties. Concurrently, it is also developing specialised products to serve new markets, one of which is the electronic voting industry in the United States. This is a potential growth area and the company expects to have its first opportunities in the United States voting industry in late 2004 and early 2005.

### 菲律宾

在本财政年度，Prime Gaming Philippines, Inc. ("PGPI") 呈报总收入为3亿3千2百90万比索，比上个财政年度的3亿3千4百90万比索减少0.6%。税前盈利也减少15.43%，从上个财政年度的1亿5千1百70万比索下降至1亿2千8百30万比索。为符合国际会计准则第22条，公司合并的商誉分期注销已从前此的40年改成20年。因此，商誉的年度注销费增至1千3百70万比索。

其独资子公司，Philippines Gaming Management Corporation ("PGMC")，呈报收入为3亿3千2百90万比索，比上个财政年度的3亿3千4百90万比索，减少0.6%。上个财政年度非常特殊，因为Superlotto 6/49的两个积宝取得最高纪录。税前盈利也因收入减少和营运费用增加而减少6.0%，从上个财政年度的1亿2千9百60万比索下降至1亿2千1百80万比索。

现在，菲律宾共有6种博彩，即Lotto 6/42、Megalotto 6/45、Superlotto 6/49、4-Digit与EZ2。新的两数字EZ2博彩在2004年7月4日推展，并在2004年7月5日首次抽奖。这个新博彩从星期一至星期日，都有抽奖。公司正计划引进更多新博彩，并增加现有博彩的抽奖次数。单在吕宋岛，现已有1,000多间投注站，共设1,500多台终端机。



# chairman's statement



Dato' Dr. Ng Yen Yen and Tan Sri Dato' Seri Vincent Tan giving away ang pows and mini hampers to old folks during the 2004 Chinese New Year Ang Pow donation.



The crowd at Sports Toto Chinese New Year Ang Pow donation campaign at Chinese Assembly Hall, Kuala Lumpur.

## Social Responsibility

It has been our corporate philosophy to give something back to society to benefit the community in particular and the nation in general. During the year under review Sports Toto continued to contribute generously towards good causes.

Various charitable institutions were beneficiaries of our donations including Yayasan Nanyang Press for providing dialysis treatment for poor kidney patients, Yayasan Tabung Tenaga Berdikari Kelantan for helping the hardcore poor, National Cancer Society, Huaren Education Foundation, Tuanku Jaafar Education Fund, Monfort Boys' Town Building Fund, Monfort Youth Training Centre Building Fund (Sabah), Malaysian Liver Foundation, Yayasan Amal Wangsa Kuala Lumpur, The Temple of Fine Arts Building Fund, Yayasan Budi Penyayang Malaysia and Perdana Leadership Foundation. Many other worthy causes also benefited from our donations.

Sports is considered important to achieve national unity and racial integration. In this regard, Sports Toto has a firm commitment to the promotion and development of sports in the country. During the year, Sports Toto continued to be active in the promotion of sports and sports excellence. The company made significant contributions towards a number of mass participation sports activities such as the Penang International Bridge Run, Malay Mail Big Walk, P.J. Half Marathon, National Day Xiang Qi (Chinese Chess) competition, 15th World Tenpin Bowling Tournament and International Horse Show Jumping event.

In addition to the support given to various sporting activities, the company has allocated a sum of RM47 million for the financial year to be contributed to the National Sports Council for the promotion of sports in the country.

Under the company's "Giving Something Back to Society" charity program, a nationwide Chinese New Year Ang Pow donation was organised for the benefit of the poor and needy senior citizens of all races in the country. About 14,000 poor folk aged 60 and above received ang pows and new year gifts from Sports Toto at 42 distribution centres during this annual exercise.

## 美国

美国的International Lottery & Totalizator Systems, Inc. ("ILTS")呈上本年度总营业额为1千零80万美元，比上个财政年度的2千2百80万美元，下降了52.6%。由于来自更大系统供应商与新对手的竞争增加，公司获得投标的机会就相应减少了。

在这种情况下，加上运营成本增加，公司于本年度净亏1百80万美元，而上个财政年度则盈利80万美元。

公司已采取策略，在无损质量的前提下，以具有竞争性的价格，出售产品。这牵涉到购买标准现货供应组件以开发其博彩销售终端机，以及由第三者供应一些软件功能。与此同时，公司也正开发特殊产品，以应付新的市场，美国的电子投票企业，就是其中之一。这是极有成长潜能的领域，公司希望在2004年底或2005年初，可以落实其美国投票企业。

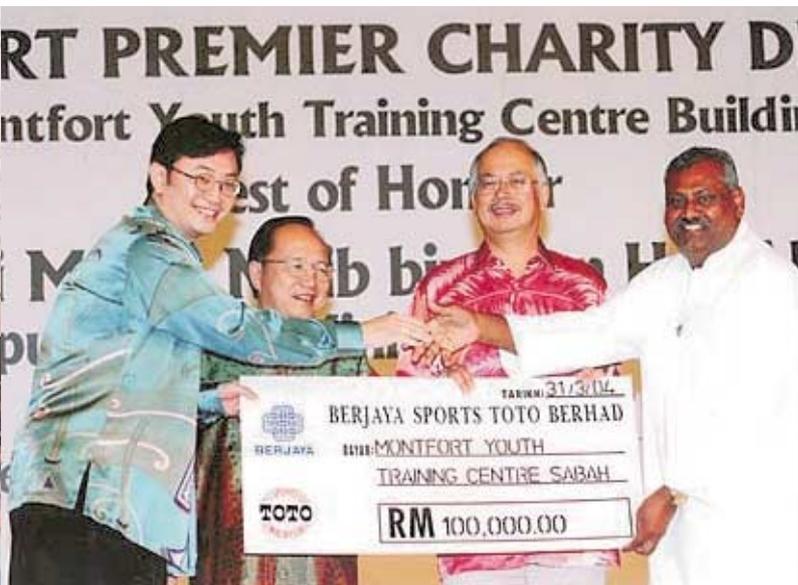
## 社会责任

我们的企业理念，是取诸社会，用诸社会，回馈社会与国家。在本财政年度，多多博彩一如既往，继续慷慨捐输。

以下是本年度的受惠单位：捐助南洋报业基金，以协助肾病患者进行透析(洗肾)治疗；吉兰丹人力基金会，以协助贫民；国家癌症协会；华仁教育基金；东姑慈化教育基金；蒙福少年城建筑基金(沙巴)；大马肝脏基金；吉隆坡旺沙



## chairman's statement



Dato' Robin Tan handing over a mock cheque of RM100,000.00 to Brother Edward Rayappan, Director of Monfort Youth Training Centre. Also present were Dato' Seri Najib Tun Razak and Tan Sri Bernard Dompok.



A contribution to the National Day Xiang Qi competition. (L-R) Present were Datuk Donald Lim, Dato' Seri Ong Ka Ting, Dato' Tang See Hang, President of Selangor Xiang Qi Association and Mr. Voon Ah See of Sports Toto Malaysia.

In the field of community service, goodwill visits were made by staff of the company including a visit to child patients at Hospital Universiti Kebangsaan Malaysia and inmates at the Sungai Buloh Leprosy Control Centre during celebrations of festive seasons. In the month of Ramadhan, orphans from Rumah Tengku Ampuan Rahimah and Rumah Anak – Anak Yatim Muskia AL-Khairiyah, Klang were invited to join in a 'berbuka puasa' gathering hosted by the company.



Datuk Samy Velu handing over goodie bags to needy citizens at Kalumpang during a Deepavali gathering organized by Sports Toto Malaysia.

In response to appeals for donation, Sports Toto donated five units of prosthetic legs to deserving recipients and also contributed to four schools at Pulau Tioman, which were in need of funds to upgrade educational facilities in the schools.

### Future Prospects

Further improvement to the country's economy would have a positive impact on Sports Toto's business as this will translate into increased disposable income and higher consumer expenditure.

The increase in the first prize payout of the 4-Digit game effective 1 January 2003, coupled with the sustained crackdown on illegal operators by the authorities augurs well for Sports Toto to regain market share lost to illegal operators. With the successful conversion to the new on-line system, the company is now planning to introduce the Account Betting System which will provide additional channels for betting to be made through fixed phones, mobile phones and the Internet. A variation to the 4-Digit game which enables customers to cover all possible permutations of a single set of numbers for a minimum bet of RM1 is also planned to be introduced. Both the Account Betting System and the new variation of the 4-Digit game are subject to the approval of the relevant government authority.

慈善基金；艺术殿堂建筑基金；马来西亚慈善基金和首相领导基金。还有许多其他公益机构也接受我们的捐助。

运动有助国民团结与种族融合，因此，多多博彩一向致力于推动国家的体育运动。在本财政年度，多多博彩继续促进体育运动和激励攀登体育高峰，赞助了以下大众参与的盛会，计有檳城大桥国际赛跑，马来邮报大竞走，八打灵半马拉松赛，国庆日象棋锦标赛，第15届世界保龄球锦标赛，以及国际跳栏马赛。

除了赞助以上体育活动外，本年度公司更拨出4千7百万令吉捐献国家体育理事会，以推动国家的体育运动。

本著“回馈社会”的企业理念，在华人新年期间，公司在全国各地派发红包给清贫和有需要帮助的各族乐龄人士。在这年度活动中，多多博彩在全国42个地点，派发红包和新年礼物，共有1万4千名60岁以上的贫老受惠。

在我们的公益活动中，公司职员还到一些机构作亲善访问，包括佳节期间访问大马国民大学医院病童和到双溪毛糯淋风控制中心访问淋风病患。在斋戒月，公司也为东姑夫人拉希玛孤儿院，巴生慈善孤儿院的孤儿们举行开斋会。

此外，公司还响应捐助的呼吁，捐助5套义腿给急需者，以及捐款予刁曼岛上4间学校，协助他们提升校内的教育设施。



# chairman's statement



The launching of the new EZ2 game in the Philippines as well as ongoing efforts to introduce additional new games and increase the frequency of draws will ensure a promising year ahead for PGMC.

## 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  
12 August 2004

## 展望未来

国家经济的进一步改善，意味着国民所得增加，消费能力提高，多多博彩的形势一片大好。

从2003年正月1日开始，万字票头奖金提高，加上有关当局不断打击非法万字票厂，有助多多博彩夺回丢失的市场份额。加上全新的连线系统已经开始操作，公司现正计划设立户口投注系统，以便通过固定电话，流动电话与互联网投注。另一方面，公司也正计划让顾客以低至RM1.00全打，投注万字票一组号码。这两项改变，即户口投注系统与万字票投注RM1.00全打，还有待有关政府部门的批准。

在菲律宾推出新的EZ2博彩和其他新博彩，并增加抽奖次数之后，将确保PGMC下一年的前景一片光明。

## 衷心感谢

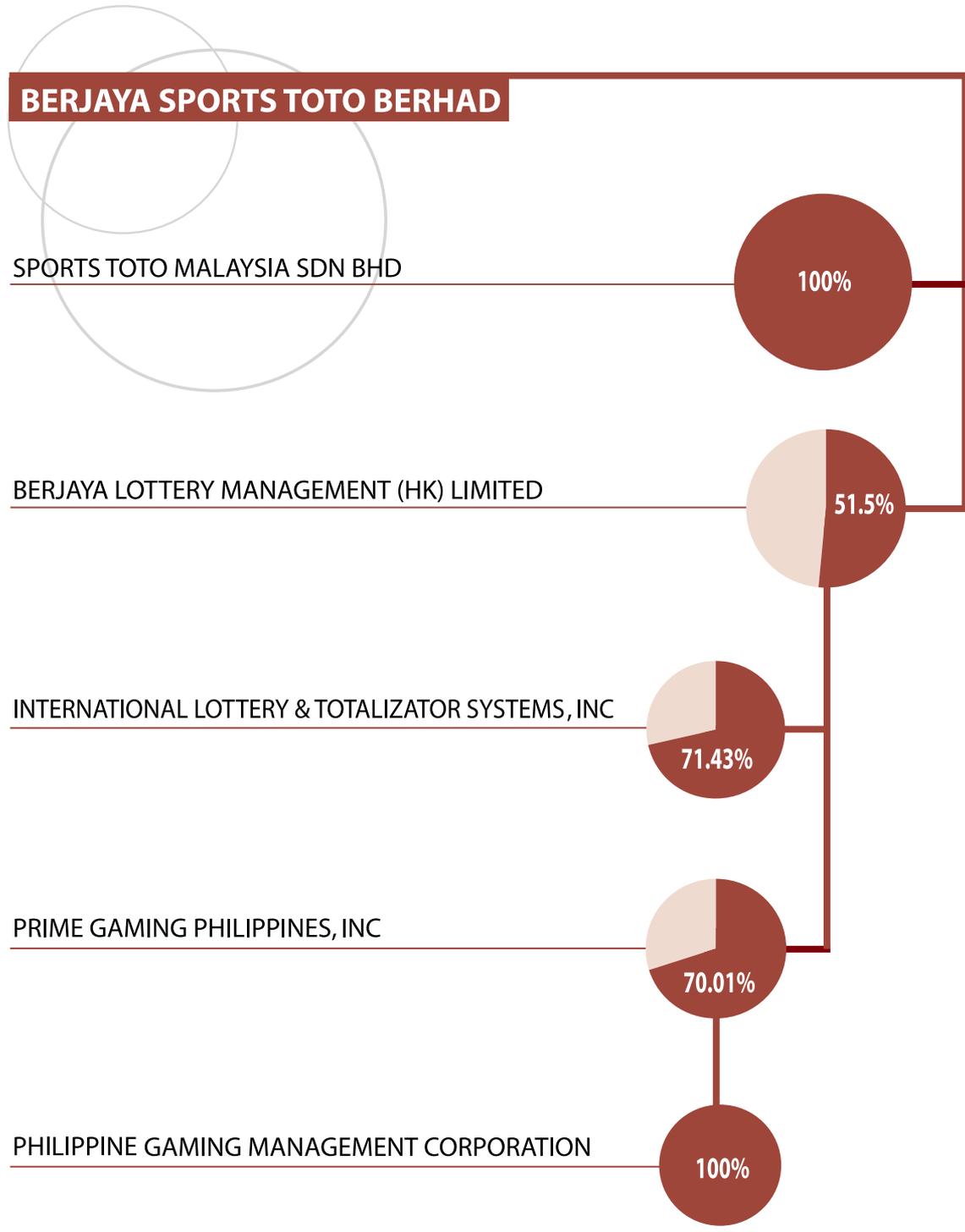
在此，我谨代表董事局，感谢公司的管理层，员工和代理们敬业乐业的精神，更感谢我们的顾客、股东、业务伙伴、金融家与及政府部门一路来的合作与支持。

我也要感谢董事局同人过往积极参与并指导董事会，希望他们今后一如既往，继续支持董事会。

主席：  
丹斯里拿督汤耀鸿  
2004年8月12日

# corporate structure

*of main operating companies as at 2 August 2004*



# group financial summary

Description	2004 US\$'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000	1999 RM'000
Revenue	651,920	2,477,296	2,205,646	2,294,343	2,333,339	2,339,894	2,176,183
Profit before taxation	115,260	437,989	393,583	426,235	400,858	384,724	438,206
Profit after taxation	78,219	297,232	261,842	292,670	272,595	231,891	439,490
Minority interests	(41,893)	(159,193)	(4,340)	10,830	11,039	22,583	2,637
Profit attributable to shareholders	36,326	138,039	257,502	303,500	283,634	254,474	442,127
Share Capital	273,049	1,037,588	801,315	584,878	575,758	575,084	572,339
Share premium	68,844	261,607	192,817	144,180	97,731	94,374	80,704
8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS") - equity component	35,035	133,134	240,702	-	-	-	-
Reserves	96,505	366,719	579,248	1,224,696	1,021,525	856,090	706,073
Equity Funds	473,433	1,799,048	1,814,082	1,953,754	1,695,014	1,525,548	1,359,116
Treasury shares	(56,647)	(215,258)	(206,089)	(162,993)	(96,358)	(25,744)	-
Premium over ICULS bought back	(15,093)	(57,355)	(35,348)	-	-	-	-
Net Equity Funds	401,693	1,526,435	1,572,645	1,790,761	1,598,656	1,499,804	1,359,116
Minority Interests	2,233	8,485	(155,116)	(152,585)	(136,994)	(106,292)	(73,948)
9% Redeemable Convertible Unsecured Loan Stocks 1992/1997	-	-	-	-	-	-	-
	<b>403,926</b>	<b>1,534,920</b>	<b>1,417,529</b>	<b>1,638,176</b>	<b>1,461,662</b>	<b>1,393,512</b>	<b>1,285,168</b>
Provisions	489	1,858	1,816	475	365	300	308
Deferred Liabilities	8,297	31,528	31,117	30,903	32,278	29,939	28,470
Deferred Tax Liabilities	3,129	11,889	7,488	3,652	4,721	5,936	7,087
ICULS - liability component	30,754	116,865	248,966	-	-	-	-
Current Liabilities	111,361	423,173	349,292	419,193	485,165	472,487	427,245
	<b>557,956</b>	<b>2,120,233</b>	<b>2,056,208</b>	<b>2,092,399</b>	<b>1,984,191</b>	<b>1,902,174</b>	<b>1,748,278</b>
Property, plant & equipment	20,909	79,453	115,086	123,732	113,937	117,300	117,752
Intangible Assets	163,097	619,768	612,801	642,141	644,546	656,545	650,517
Investments	22,434	85,250	14,719	19,894	19,841	15,266	53,117
Deferred Tax Assets	64	243	159	-	-	-	-
Long Term Receivable	922	3,504	-	-	-	-	-
Current Assets	350,530	1,332,015	1,313,443	1,306,632	1,205,867	1,113,063	926,892
<b>Total Assets</b>	<b>557,956</b>	<b>2,120,233</b>	<b>2,056,208</b>	<b>2,092,399</b>	<b>1,984,191</b>	<b>1,902,174</b>	<b>1,748,278</b>
Net Tangible Assets Per Share (Cents/Sen)	20.3	77.3	93.8	205.6	171.0	147.4	123.8
Net Assets Per Share (Cents/Sen)	36.7	139.3	173.8	320.6	286.6	262.2	237.5
Gross Earnings Per Share (Cents/Sen)	8.6	32.7	59.8	78.1	72.5	70.7	76.6
Net Earnings Per Share (Cents/Sen)	4.3	16.3	39.9	54.5	50.1	44.5	76.8
Dividend Rate - Gross (%)	28	28	208 <sup>#</sup>	50	28	25	20
Net Dividend Amount (USD'000/RM'000)	50,879	193,342	958,623	199,972	112,869	102,124	82,395

## Note:

Figures for 1996 to 2004 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

<sup>#</sup> This figure includes a special dividend of 170%.

# group financial highlights

1998 RM'000	1997 RM'000	1996 RM'000
2,170,569	1,817,207	1,444,973
453,925	343,691	221,557
334,400	238,474	150,871
-	-	-
334,400	238,323	149,462
572,322	568,197	561,649
80,642	76,349	68,860
-	-	-
184,408	109,832	73,950
837,372	754,378	704,459
-	-	-
-	-	-
837,372	754,378	704,459
-	-	-
-	4,515	10,525
<b>837,372</b>	<b>758,893</b>	<b>714,984</b>
-	-	-
26,093	29,353	21,907
7,087	7,600	6,300
-	-	-
561,050	452,715	291,241
<b>1,431,602</b>	<b>1,248,561</b>	<b>1,034,432</b>
75,155	44,832	41,218
547,901	547,901	547,901
72,335	41,279	39,036
-	-	-
-	-	-
736,211	614,549	406,277
<b>1,431,602</b>	<b>1,248,561</b>	<b>1,034,432</b>
50.6	36.3	27.9
146.3	132.8	125.4
79.3	60.7	39.9
58.6	42.1	27.1
26	51	30
107,260	202,753	117,653



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

# audit committee report

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

## 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

Datuk Robert Yong Kuen Loke  
- Non-Independent Executive Director

Mohamed Saleh Bin Gomu  
- Independent Non-Executive Director

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

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

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

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities undertaken by the Audit Committee during the financial year ended 30 April 2004 included the following:-

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed 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 findings and results;
6. Reviewed the shareholders' circular in relation to the recurrent related party transactions.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The primary function of the 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 30 April 2004, the internal audit functions 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 120 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 regard to any audit findings on the weaknesses in the systems and controls of the operation. The internal audit department also followed up with management on the implementation of the agreed audit recommendations.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 1. Membership

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

# audit committee report

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;

# audit committee report

- ensure coordination of external audit with internal audit;
  - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of the staff of the internal audit function;
  - approve any appointment or termination of senior staff member of the internal audit function;
  - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation;
  - to monitor related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report;
  - to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors;
- (i) To carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board of Directors from time to time;
- (j) In compliance with Paragraph 15.17 of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 Bursa Securities.

# statement on corporate governance

The Malaysian Code of Corporate Governance ("Code") introduced in March 2000, sets out the principles and best practices for compliance by each organisation. Under the Bursa Malaysia Securities Berhad 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 2004, the Board met five (5) times. Set out in the table below is the record of attendance of the directors:-

<u>Directors</u>	<u>Attendance</u>
Tan Sri Dato' Thong Yaw Hong #	5/5
Tan Sri Dato' Seri Vincent Tan Chee Yioun	3/5
Ng Foo Leong	5/5
Dato' Robin Tan Yeong Ching	3/5
Datuk Robert Yong Kuen Loke	5/5
Chan Kien Sing	5/5
Freddie Pang Hock Cheng	5/5
Tan Sri Dato' Jaffar Bin Abdul #	5/5
Mohamed Saleh Bin Gomu #	5/5

# - Denotes Independent / Non-Executive Directors

### ii) Board Balance

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

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

The qualifications and experience of each of the Director are set out in the Directors' profile on Page 4 to Page 8 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.

# statement on corporate governance

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

## iv) Appointment to the Board

The Nomination Committee currently comprise the following members:-

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

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

Mohamed Saleh Bin Gomu  
- Independent/Non-Executive

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

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

## v) Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysts Malaysia (RIIAM), an affiliate company of Bursa Malaysia Securities Berhad ("BMSB"). 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 BMSB 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 comprise the following members:-

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

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

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

The primary functions of the Remuneration Committee is to set up the policy framework and to recommend to the Board on all elements of the remuneration package of the executive directors. The determination of remuneration packages of non-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.

# statement on corporate governance

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:-

	Executive	Non-Executive	Total
	← RM'000 →		
<b>Fees</b>	-	135	<b>135</b>
<b>Benefits in-kind</b>	57	-	<b>57</b>
<b>Salaries and other emoluments</b>	3,745	343	<b>4,088</b>
<b>Performance Incentive*</b>	8,020	-	<b>8,020</b>
<b>Bonus</b>	528	25	<b>553</b>
	<u>12,350</u>	<u>503</u>	<u><b>12,853</b></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
RM400,001 – RM450,000	-	1
RM450,001 – RM500,000	1	-
RM500,001 – RM550,000	2	-
RM550,001 – RM600,000	1	-
RM1,000,001 – RM1,050,000	1	-
RM9,200,001 – RM9,250,000*	1	-
	<u>6</u>	<u>3</u>

\* The performance incentive is paid to Tan Sri Dato' Seri Vincent Tan Chee Yioun as ("TSVT") Managing Director / Chief Executive Officer of the 100% owned subsidiary, Sports Toto Malaysia Sdn Bhd ("STM") pursuant to the performance incentive scheme that was effective since December 1988. The incentive scheme is calculated at the rate of 2% on the amount of STM's annual audited consolidated net profit before tax and after minority interest that exceeds RM30 million. For the financial year ended 30 April 2004, the total amount paid to TSVT (including contribution to EPF) amounted to RM9.243 million.

## C) RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

## D) ACCOUNTABILITY AND AUDIT

### i) Financial Reporting

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

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

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

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

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

# statement on corporate governance

- (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 27 of the Annual Report.

### iv) Relationship with the auditors

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

# statement on internal control

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

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

The 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 Company has established a Risk Management Committee (“RMC”), formed with the intention to further enhance the Group’s system of internal control and be in line with the Malaysian Code of Corporate Governance. The 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. 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 Datuk Robert Yong Kuen Loke. The RMC terms of reference include, inter alia :

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

The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group’s system of internal control. The Audit Committee receives assurance reports from both the internal auditors for findings from visits to operating units, and the external auditors on areas for improvement identified during the course of statutory audit. The Board reviews the minutes of the Audit Committee’s meetings. The Reports of the Audit Committee is set out on pages 20 to 22 of the Annual Report.

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

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

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

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

# financial statements

Directors' Report	29	34	Statement by Directors
Statutory Declaration	34	35	Auditors' Report
Balance Sheets	36	37	Income Statements
Statement of Changes in Equity	38	40	Consolidated Cash Flow Statement
Cash Flow Statement	41	42	Notes to the Financial Statements

# directors' report

for the year ended 30 April 2004

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2004.

## 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	297,232	206,979
Minority interests	(159,193)	-
Net profit for the year	<u>138,039</u>	<u>206,979</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 Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 25 to the financial statements.

## DIVIDENDS

The amounts of dividends paid by the Company since 30 April 2003 were as follows :

	RM'000
<u>In respect of financial year ended 30 April 2003 (as reported in the Directors' Report of that year) :</u>	
The second interim gross 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
The final gross dividend of 28 sen per share on 774,904,406 ordinary shares with voting rights, less income tax of 28% paid on 8 December 2003	156,221
<u>In respect of financial year ended 30 April 2004 :</u>	
First interim gross dividend of 8 sen per share on 855,421,270 ordinary shares with voting rights, less income tax of 28% paid on 23 February 2004	49,272
Second interim gross dividend of 20 sen per share on 1,000,487,561 ordinary shares with voting rights, less income tax of 28% paid on 31 May 2004	144,070
	<u>375,668</u>

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

# directors' report

for the year ended 30 April 2004

## DIRECTORS

The names of the 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  
 Datuk Robert Yong Kuen Loke  
 Chan Kien Sing  
 Freddie Pang Hock Cheng  
 Tan Sri Dato' Jaffar bin Abdul  
 Mohamed Saleh bin Gomu

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising 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 benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 30 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

	Number of ordinary shares of RM1.00 each			
	At 1.5.03	Acquired	Disposed	At 30.4.04
Tan Sri Dato' Thong Yaw Hong	538,000	-	-	538,000
	200,000*	-	-	200,000*
Tan Sri Dato' Seri Vincent Tan Chee Yioun	28,947,000	9,100,000	7,840,500	30,206,500
	300,506,584*	105,512,915	8,970,200	397,049,299*
Ng Foo Leong	2,346,000	244,000	-	2,590,000
Dato' Robin Tan Yeong Ching	368,000	274,000	-	642,000
Datuk Robert Yong Kuen Loke	1,263,000	403,200	-	1,666,200
Chan Kien Sing	147,000	403,200	547,000	3,200
Freddie Pang Hock Cheng	159,000	616,000	272,200	502,800
Tan Sri Dato' Jaffar bin Abdul	103,750	-	-	103,750

	Number of options over ordinary shares of RM1.00 each			
	At 1.5.03	Adjustment	Exercised	At 30.4.04
Ng Foo Leong	168,000	-	168,000	-
Dato' Robin Tan Yeong Ching	274,000	-	274,000	-
Datuk Robert Yong Kuen Loke	403,200	-	403,200	-
Chan Kien Sing	403,200	-	403,200	-
Freddie Pang Hock Cheng	616,000	-	616,000	-

# directors' report

for the year ended 30 April 2004

## DIRECTORS' INTERESTS (CONTINUED)

### The Company (continued)

	Number of RM1.00 nominal value of 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012			
	At 1.5.03	Acquired	Disposed / Converted	At 30.4.04
Tan Sri Dato' Seri Vincent Tan Chee Yioun	38,771,951	8,302,500	12,962,500	34,111,951
	359,439,979*	12,184,500	116,663,915	254,960,564*

\*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 13,321,040 (2003 : 3,304,380) shares pursuant to the Employees' Share Option Scheme ("ESOS") and the ESOS lapsed on 31 March 2004.

During the financial year, a total of 218,496,872 (2003 : 210,911,325) new ordinary shares were issued when RM218,496,872 (2003 : RM210,911,325) 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 4,454,843 (2003 : 2,221,581) new ordinary shares of RM1.00 each were issued via the conversion of RM5,345,812 (2003 : RM2,665,897) ICULS at the rate of RM1.20 nominal value of ICULS for every one fully paid ordinary share.

The Company also bought back 2,250,000 (2003 : 8,558,000) ordinary shares of RM1.00 each for approximately RM9,169,000 (2003 : RM43,096,000) at an average price of RM4.08 (2003 : RM5.04) 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 34,850,000 shares, the total treasury shares as at 30 April 2004 amounted to 37,100,000 shares. Accordingly, the issued and paid up share capital of the Company with voting rights as at 30 April 2004 was 1,000,487,561 (2003 : 776,464,806) 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 RM1,037,587,561 (2003 : RM801,314,806) (Note 19).

Subsequent to the financial year end and up to the date of this report, the Company had issued 564,971 new ordinary shares of RM1.00 each when RM564,971 ICULS were converted at the rate of RM1.00 nominal value of ICULS plus RM0.20 in cash for one fully paid ordinary share. The Company also bought back additional 12,900,000 ordinary shares of RM1.00 each for approximately RM48,535,000 at an average price of RM3.76 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 50,000,000 shares and the issued and paid-up share capital with voting rights is 988,152,532 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 :

- 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.
- 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.

# directors' report

for the year ended 30 April 2004

## IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONTINUED)

- (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.
- (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") became effective on 22 April 1999 for a period of 5 years and lapsed on 31 March 2004.

The movement in the options to take up unissued new ordinary shares of RM1.00 each during the financial year ended 30 April 2004 was as follows:

	Number of options
<b>At 1 May 2003</b>	13,959,340
Forfeiture on resignations	<u>(313,440)</u>
	13,645,900
Exercised during the financial year	<u>(13,321,040)</u>
<b>At 31 March 2004</b>	<u><u>324,860</u></u>

The cumulative options exercised and their remaining unexercised options as at 31 March 2004 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	11,549,100	208,860	2.74
Second offer	<u>17,615,320</u>	<u>116,000</u>	2.84
	<u><u>29,164,420</u></u>	<u><u>324,860</u></u>	

All unexercised options lapsed on 31 March 2004.

## OTHER STATUTORY INFORMATION

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

# directors' report

for the year ended 30 April 2004

## OTHER STATUTORY INFORMATION (CONTINUED)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render :
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist :
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors :
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is as disclosed in Note 44 to the financial statements.

## AUDITORS

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

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

TAN SRI DATO' THONG YAW HONG

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

Kuala Lumpur, Malaysia  
12 August 2004

# 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 36 to 74 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 Group and of the Company as at 30 April 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

TAN SRI DATO' THONG YAW HONG

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

Kuala Lumpur, Malaysia  
12 August 2004

---

## statutory declaration

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

I, DATUK ROBERT YONG KUEN LOKE, being the Director primarily responsible for the financial management of BERJAYA SPORTS TOTO BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 74 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed }  
DATUK ROBERT YONG KUEN LOKE at Kuala Lumpur }  
in the Federal Territory on 12 August 2004 }

DATUK ROBERT YONG KUEN LOKE

Before me,

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

# auditors' report

*to the members of Berjaya Sports Toto Berhad  
(Incorporated in Malaysia)*

We have audited the accompanying financial statements set out on pages 36 to 74. 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 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 Group and of the Company as at 30 April 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' 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 that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

ERNST & YOUNG  
AF:0039  
Chartered Accountants

Kua Choo Kai  
No. 2030/03/06 (J)  
Partner

Kuala Lumpur, Malaysia  
12 August 2004

# balance sheets

as at 30 April 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	79,453	115,086	105	46
Subsidiary companies	4	-	-	633,227	654,616
Associated companies	5	5,711	620	167	167
Long term investments	6	23,929	11,519	-	-
Investment properties	7	55,610	2,580	-	-
Long term receivable	12	3,504	-	-	-
Deferred tax assets	8	243	159	-	-
Goodwill on consolidation	9	619,768	612,798	-	-
Other intangible asset	10	-	3	-	-
		<u>788,218</u>	<u>742,765</u>	<u>633,499</u>	<u>654,829</u>
<b>CURRENT ASSETS</b>					
Inventories	11	18,536	21,811	-	-
Receivables	12	52,168	92,111	6,687	9,090
Tax recoverable		1,647	-	1,647	-
Amounts due from subsidiary companies and affiliated companies	13	916,292	1,058,375	1,270,472	1,406,722
Deposits with financial institutions	14	265,401	91,390	112,798	5,500
Cash and bank balances	15	77,971	49,756	251	4,253
		<u>1,332,015</u>	<u>1,313,443</u>	<u>1,391,855</u>	<u>1,425,565</u>
<b>CURRENT LIABILITIES</b>					
Payables	16	397,629	326,354	173,072	65,285
Amounts due to subsidiary companies and affiliated companies	17	711	970	149,503	231,677
Short term borrowings	18	4,997	11,761	-	-
Taxation		19,836	10,207	-	3,349
		<u>423,173</u>	<u>349,292</u>	<u>322,575</u>	<u>300,311</u>
<b>NET CURRENT ASSETS</b>					
		<u>908,842</u>	<u>964,151</u>	<u>1,069,280</u>	<u>1,125,254</u>
		<u>1,697,060</u>	<u>1,706,916</u>	<u>1,702,779</u>	<u>1,780,083</u>
<b>FINANCED BY:</b>					
Share capital	19	1,037,588	801,315	1,037,588	801,315
Share premium	20	261,607	192,817	261,607	192,817
Exchange reserve	21	(655)	350	-	-
ICULS - equity component	22	133,134	240,702	145,408	249,092
Retained earnings	23	367,374	578,898	342,346	484,930
Equity funds		<u>1,799,048</u>	<u>1,814,082</u>	<u>1,786,949</u>	<u>1,728,154</u>
Treasury shares	24	(215,258)	(206,089)	(215,258)	(206,089)
Premium over ICULS bought back	22	(57,355)	(35,348)	-	-
Net equity funds		<u>1,526,435</u>	<u>1,572,645</u>	<u>1,571,691</u>	<u>1,522,065</u>
Minority interests	25	8,485	(155,116)	-	-
Capital funds		<u>1,534,920</u>	<u>1,417,529</u>	<u>1,571,691</u>	<u>1,522,065</u>
Provisions	26	1,858	1,816	-	-
Deferred liabilities	27	31,528	31,117	-	-
Deferred tax liabilities	28	11,889	7,488	-	-
ICULS - liability component	22	116,865	248,966	131,088	258,018
		<u>1,697,060</u>	<u>1,706,916</u>	<u>1,702,779</u>	<u>1,780,083</u>

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

# income statements

for the financial year ended 30 April 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
REVENUE	29	2,477,296	2,205,646	411,025	444,782
COST OF SALES		(1,863,984)	(1,667,222)	-	-
GROSS PROFIT		613,312	538,424	411,025	444,782
Other operating income		5,042	2,447	-	140
Selling and distribution costs		(118,934)	(82,417)	-	-
Administrative and other operating expenses		(95,038)	(88,315)	(84,171)	(6,142)
PROFIT FROM OPERATIONS	30	404,382	370,139	326,854	438,780
Investment related income	31	-	709	-	-
Investment related expenses	32	(7,938)	(32,471)	(21,389)	(3,248)
Interest income	33	62,977	78,476	61,380	77,007
Finance costs	34	(21,023)	(23,368)	(39,202)	(45,646)
PROFIT AFTER FINANCE COSTS		438,398	393,485	327,643	466,893
Share of results of associated companies		(409)	98	-	-
PROFIT BEFORE TAXATION		437,989	393,583	327,643	466,893
Taxation	35	(140,757)	(131,741)	(120,664)	(132,540)
PROFIT AFTER TAXATION		297,232	261,842	206,979	334,353
Minority interests	25	(159,193)	(4,340)	-	-
NET PROFIT FOR THE YEAR		<u>138,039</u>	<u>257,502</u>	<u>206,979</u>	<u>334,353</u>
NET EARNINGS PER SHARE	36				
- Basic (sen)		<u>16.33</u>	<u>39.85</u>		
- Diluted (sen)		<u>14.24</u>	<u>26.97</u>		
NET DIVIDENDS PER SHARE (SEN)	37				
- First interim dividend		5.76	3.60		
- Second interim dividend		14.40	3.60		
- Special dividend		-	135.00		
- Proposed final dividend		-	20.00		

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

# statement of changes in equity

for the financial year ended 30 April 2004

	Share capital RM'000	Treasury shares RM'000	Non-distributable			Exchange reserve RM'000	Distributable	Total RM'000
			ICULS-equity component RM'000	Premium over ICULS RM'000	Share premium RM'000		Retained earnings RM'000	
<b>GROUP</b>								
As at 1 May 2002	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 (Note 22)	-	-	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	-	-	-	-	-	-	257,502	257,502
Dividends	-	-	-	-	-	-	(902,070)	(902,070)
Shares buyback (Note 24)	-	(43,096)	-	-	-	-	-	(43,096)
As at 30 April 2003	<u>801,315</u>	<u>(206,089)</u>	<u>240,702</u>	<u>(35,348)</u>	<u>192,817</u>	<u>350</u>	<u>578,898</u>	<u>1,572,645</u>
As at 1 May 2003								
(As previously reported)	801,315	(206,089)	240,702	(35,348)	192,817	350	580,027	1,573,774
Prior year adjustment (Note 38)	-	-	-	-	-	-	(1,129)	(1,129)
As at 1 May 2003 (restated)	<u>801,315</u>	<u>(206,089)</u>	<u>240,702</u>	<u>(35,348)</u>	<u>192,817</u>	<u>350</u>	<u>578,898</u>	<u>1,572,645</u>
Issue of shares	236,273	-	-	-	68,790	-	-	305,063
ICULS								
- equity component (Note 22)	-	-	(107,568)	-	-	-	-	(107,568)
Premium over ICULS bought back	-	-	-	(22,007)	-	-	-	(22,007)
Translation difference of								
foreign subsidiary companies	-	-	-	-	-	(1,005)	-	(1,005)
Net profit for the year	-	-	-	-	-	-	138,039	138,039
Dividends	-	-	-	-	-	-	(349,563)	(349,563)
Shares buyback (Note 24)	-	(9,169)	-	-	-	-	-	(9,169)
As at 30 April 2004	<u>1,037,588</u>	<u>(215,258)</u>	<u>133,134</u>	<u>(57,355)</u>	<u>261,607</u>	<u>(655)</u>	<u>367,374</u>	<u>1,526,435</u>

# statement of changes in equity

for the financial year ended 30 April 2004

	Share capital RM'000	Treasury shares RM'000	Non-distributable		Distributable	Total RM'000
			ICULS-equity component RM'000	Share premium RM'000	Retained earnings RM'000	
<b>COMPANY</b>						
As at 1 May 2002	584,878	(162,993)	-	144,180	1,052,647	1,618,712
Issue of shares	216,437	-	-	48,637	-	265,074
ICULS - equity component (Note 22)	-	-	249,092	-	-	249,092
Net profit for the year	-	-	-	-	334,353	334,353
Dividends	-	-	-	-	(902,070)	(902,070)
Shares buyback (Note 24)	-	(43,096)	-	-	-	(43,096)
As at 30 April 2003	<u>801,315</u>	<u>(206,089)</u>	<u>249,092</u>	<u>192,817</u>	<u>484,930</u>	<u>1,522,065</u>
As at 1 May 2003	801,315	(206,089)	249,092	192,817	484,930	1,522,065
Issue of shares	236,273	-	-	68,790	-	305,063
ICULS - equity component (Note 22)	-	-	(103,684)	-	-	(103,684)
Net profit for the year	-	-	-	-	206,979	206,979
Dividends	-	-	-	-	(349,563)	(349,563)
Shares buyback (Note 24)	-	(9,169)	-	-	-	(9,169)
As at 30 April 2004	<u>1,037,588</u>	<u>(215,258)</u>	<u>145,408</u>	<u>261,607</u>	<u>342,346</u>	<u>1,571,691</u>

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

# consolidated cash flow statement

for the financial year ended 30 April 2004

	2004 RM'000	2003 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	2,736,405	2,340,010
Payments to prize winners, suppliers and for other operating expenses	(1,873,970)	(1,561,268)
Payments for pool betting duties, gaming tax, royalties and other government contributions	(440,627)	(508,244)
Payment of corporate taxes	(128,635)	(133,973)
Tax refund	-	2,059
Other receipts	187	131
Net cash flow generated from operating activities	293,360	138,715
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property, plant and equipment	2,121	5,189
Acquisition of property, plant and equipment	(35,091)	(12,488)
Acquisition of long term investments, including ICULS bought back by a subsidiary company	(50,314)	(61,061)
Purchase of treasury shares by a subsidiary company	(3,367)	(6,222)
Acquisition of investment in associated company	(5,500)	-
Interest received	4,434	3,633
Other receipts arising from investments	672	416
Repayment of advances from an affiliated company	200,437	121,755
Repayment of advances from affiliated companies	353	177
Repayment to affiliated companies	(1,149)	(992)
Net cash flow generated from investing activities	112,596	50,407
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	84,032	40,884
Issue of ICULS	-	65,767
Drawdown of bank borrowings	-	5,700
Repayment of borrowings	(6,764)	(1,064)
Repayment of hire purchase and lease creditors	-	(7)
ICULS interest paid	(35,926)	(24,267)
Hire purchase and bank borrowings interest paid	(262)	(332)
Dividends paid	(235,072)	(247,366)
Treasury shares acquired	(9,169)	(43,096)
Net cash flow used in financing activities	(203,161)	(203,781)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	202,795	(14,659)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	141,146	155,899
Effects of exchange rate changes	(569)	(94)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)</b>	<u>343,372</u>	<u>141,146</u>
<b>Note A Cash and cash equivalents carried forward comprise the following balance sheet amounts :</b>		
Deposits with financial institutions	265,401	91,390
Cash and bank balances	77,971	49,756
	<u>343,372</u>	<u>141,146</u>

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

# cash flow statement

for the financial year ended 30 April 2004

	2004 RM'000	2003 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment for operating expenses	(569)	(5,442)
Payment for corporate tax	(10,661)	(9,471)
Tax refund	-	2,059
Dividend received	295,709	320,014
Net cash flow generated from operating activities	284,479	307,160
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property, plant and equipment	-	140
Acquisition of property, plant and equipment	(71)	(25)
Interest received	601	463
Repayment from an affiliated company	200,437	121,755
Repayment from affiliated companies and subsidiary companies	8,065	7,033
Repayment / advances to subsidiary companies	(192,142)	(267,842)
Net cash flow generated from / (used in) investing activities	16,890	(138,476)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	84,032	40,884
Issue of ICULS	-	65,767
Interest paid	(37,864)	(24,620)
Dividends paid	(235,072)	(247,366)
Treasury shares acquired	(9,169)	(43,096)
Net cash flow used in financing activities	(198,073)	(208,431)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	103,296	(39,747)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	9,753	49,500
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)</b>	<u>113,049</u>	<u>9,753</u>
Note A Cash and cash equivalents carried forward comprise the following balance sheet amounts :		
Deposits with financial institutions	112,798	5,500
Cash and bank balances	251	4,253
	<u>113,049</u>	<u>9,753</u>

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

# notes to the financial statements

30 April 2004

## 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 Bursa Malaysia Securities Berhad. 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 Group and in the Company (excluding Directors) at the end of the financial year were 945 (2003 : 789) and 22 (2003 : 18) 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 12 August 2004.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable 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 enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

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

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

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

# notes to the financial statements

30 April 2004

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of consolidation (continued)

#### (ii) Associated companies

Associated companies are those companies in which the Group has a long term equity interest and where it exercises significant influence over its financial and operating policies through Board representation.

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

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

### (c) Goodwill

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

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

### (d) Property, plant and equipment and depreciation

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

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

Other property, plant and equipment are depreciated to write-off 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 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.

# notes to the financial statements

30 April 2004

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Inventories

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

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

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

### (g) Investments

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

### (h) Income tax

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

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

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

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

Prior to the adoption of MASB 25 Income Taxes on 1 May 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has not given rise to any adjustments to the opening balances of retained earnings of the Group and the Company for the prior years or to changes in comparatives.

### (i) Foreign currencies

#### (i) Transactions in foreign currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the transaction date or at contracted rates, where applicable. Foreign currency 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.

# notes to the financial statements

30 April 2004

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) 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 are taken to an exchange reserve.

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

	30.4.2004 RM	30.4.2003 RM
1 United States Dollar	3.8000	3.8000
1 Hong Kong Dollar	0.4872	0.4873
1 Philippine Peso	0.0679	0.0720

### (j) 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. The intangible asset is fully amortised during the year.

### (k) Provisions for liabilities

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

The Group gives 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.

### (l) Impairment of assets

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

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

### (m) Employee Benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

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

The effects of adopting MASB 29 Employee Benefits, effective 1 May 2003, are summarised in the Statement of Changes in Equity and further information is disclosed in Note 38.

# notes to the financial statements

30 April 2004

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Research and development costs

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

### (o) Cash and cash equivalents

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

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

### (p) Financial instruments

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

#### (i) Non-current investments

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

#### (ii) Receivables

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

#### (iii) Payables

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

#### (iv) Bank borrowings

Bank borrowings 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 approved for payment.

# notes to the financial statements

30 April 2004

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Financial instruments (continued)

#### (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.

### (q) Operating leases

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

### (r) Revenue recognition

#### (i) Gaming activities

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

#### (ii) Investment income

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

Dividend income from other investments is recognised on receipt basis.

#### (iii) Lottery equipment lease rental

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

#### (iv) Rental and interest income

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

#### (v) Lottery products sales and services income

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

# notes to the financial statements

30 April 2004

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Revenue recognition (continued)

#### (vi) Development properties

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

#### (vii) Other income

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

### (s) Segmental reporting

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

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include items arising on investing or financing activities.

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

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

# notes to the financial statements

30 April 2004

## 3 PROPERTY, PLANT AND EQUIPMENT

### GROUP

	Net book value as at 1 May 2003 RM'000	Additions RM'000	Disposals RM'000	Impairment losses / Write-off RM'000	Reclassi- fications RM'000	Translation exchange differences RM'000	Depre- ciation RM'000	Net book value as at 30 April 2004 RM'000	2003 Depre- ciation RM'000
Freehold land and buildings	5,342	-	-	-	-	-	(124)	5,218	(140)
Long leasehold land	2,821	-	-	-	-	-	-	2,821	-
Long leasehold land and buildings	1,798	-	(908)	-	-	4	(47)	847	(59)
Plant and machinery	637	163	-	-	-	(1)	(372)	427	(300)
Computer equipment	45,307	18,742	(61)	(11)	1,254	(286)	(11,974)	52,971	(12,470)
Office equipment	1,300	638	(63)	(10)	-	9	(313)	1,561	(328)
Furniture and fittings	334	459	(16)	(15)	-	(3)	(96)	663	(101)
Motor vehicles	7,150	4,130	(312)	-	-	(45)	(2,645)	8,278	(2,130)
Renovations	1,441	4,798	(2)	(44)	-	(2)	(331)	5,860	(175)
Capital work-in-progress	48,956	6,161	-	(26)	(54,284)	-	-	807	-
	<u>115,086</u>	<u>35,091</u>	<u>(1,362)</u>	<u>(106)</u>	<u>(53,030)</u>	<u>(324)</u>	<u>(15,902)</u>	<u>79,453</u>	<u>(15,703)</u>

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>As at 30 April 2004</b>			
Freehold land and buildings	6,171	(953)	5,218
Long leasehold land	2,845	(24)	2,821
Long leasehold land and buildings	1,395	(548)	847
Plant and machinery	3,224	(2,797)	427
Computer equipment	131,007	(78,036)	52,971
Office equipment	8,454	(6,893)	1,561
Furniture and fittings	2,455	(1,792)	663
Motor vehicles	20,889	(12,611)	8,278
Renovations	7,718	(1,858)	5,860
Capital work-in-progress	807	-	807
	<u>184,965</u>	<u>(105,512)</u>	<u>79,453</u>

### As at 30 April 2003

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>

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 of a foreign subsidiary company amounting to RM2,295,200 was pledged for borrowing in the previous year and this borrowing has been fully settled during the financial year (Note 18).

A total amount of RM53,030,000 in capital work-in-progress was reclassified to investment property (Note 7) during the current financial year following the completion of its construction.

# notes to the financial statements

30 April 2004

## 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### COMPANY

	Net book value as at 1 May 2003 RM'000	Additions RM'000	Disposal RM'000	Write-off RM'000	Depre- ciation RM'000	Net book value as at 30 April 2004 RM'000	2003 Depre- ciation RM'000
Computer equipment	29	70	-	-	(7)	92	(7)
Office equipment	11	1	-	-	(4)	8	(5)
Furniture and fittings	6	-	-	-	(1)	5	(1)
Motor vehicles	-	-	-	-	-	-	(9)
	<u>46</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>105</u>	<u>(22)</u>

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>As at 30 April 2004</b>			
Computer equipment	149	(57)	92
Office equipment	54	(46)	8
Furniture and fittings	13	(8)	5
Motor vehicles	2	(2)	-
	<u>218</u>	<u>(113)</u>	<u>105</u>

<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>

# notes to the financial statements

30 April 2004

## 4 SUBSIDIARY COMPANIES

	<u>Company</u>	
	<u>2004</u> RM'000	<u>2003</u> RM'000
Unquoted shares, at cost less written down value	654,616	654,616
Less : Impairment loss	(21,389)	-
	<u>633,227</u>	<u>654,616</u>

The details of the subsidiary companies are as follows :

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			2004 %	2003 %
<b>Subsidiary companies of Berjaya Sports Toto Berhad</b>				
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
<b>Subsidiary company of FEAB Land Sdn Bhd</b>				
FEAB Realty Sdn Bhd	Malaysia	Property investment	100	100
<b>Subsidiary companies of Sports Toto Malaysia Sdn Bhd</b>				
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
<b>Subsidiary company of Berjaya Sports Toto (Cayman) Limited</b>				
Berjaya Lottery Management (HK) Limited *	Hong Kong	Management of social lottery operations and investment holding	51.5	51.5

# notes to the financial statements

30 April 2004

## 4 SUBSIDIARY COMPANIES (CONTINUED)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			<u>2004</u> %	<u>2003</u> %
<b>Subsidiary companies of Berjaya Lottery Management (HK) Limited</b>				
Prime Gaming Philippines, Inc.*	Philippines	Investment holding	70.01	70.04
International Lottery & Totalizator Systems, Inc. *	United States of America	Manufacturer and distributor of computerised lottery systems	71.43	71.43
<b>Subsidiary company of Prime Gaming Philippines, Inc</b>				
Philippine Gaming Management Corporation *	Philippines	Leasing of on-line lottery equipment	100	100
<b>Subsidiary companies of International Lottery &amp; Totalizator Systems, Inc.</b>				
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

## 5 ASSOCIATED COMPANIES

	<u>Group</u>		<u>Company</u>	
	<u>2004</u> RM'000	<u>2003</u> RM'000	<u>2004</u> RM'000	<u>2003</u> RM'000
Unquoted shares, at cost less written down value	7,879	3,060	167	400
Less : Share of post-acquisition losses	(2,168)	(1,759)	-	-
	<u>5,711</u>	<u>1,301</u>	<u>167</u>	<u>400</u>
Less : Cumulative write down of premium on acquisition	-	(676)	-	-
Less : Impairment losses	-	(5)	-	(233)
	<u>5,711</u>	<u>620</u>	<u>167</u>	<u>167</u>

# notes to the financial statements

30 April 2004

## 5 ASSOCIATED COMPANIES (CONTINUED)

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

	<u>Group</u>	
	<u>2004</u> <u>RM'000</u>	<u>2003</u> <u>RM'000</u>
Share of net tangible assets	605	625
Premium on acquisition	5,106	-
Less: Impairment losses	-	(5)
	<u>5,711</u>	<u>620</u>

The details of the associated companies are as follows :

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			<u>2004</u> <u>%</u>	<u>2003</u> <u>%</u>
<b>Associated company of Berjaya Sports Toto Berhad</b>				
Berjaya Racing Management Sdn Bhd	Malaysia	Dormant	20	20
<b>Associated company of Berjaya Sports Toto (Cayman) Limited</b>				
Suncoast Limited	British Virgin Islands	Dormant	48	48
<b>Associated companies of Berjaya Lottery Management (HK) Limited</b>				
U-Luck Information Systems Limited #	Taiwan	Dormant	-	39.7
Taiwan Berjaya U-Luck Limited #	Taiwan	Dormant	-	26
<b>Associated company of FEAB Properties Sdn Bhd</b>				
Astral Panorama Technologies Sdn Bhd	Malaysia	Research and development of multiple banknote authentication technology based devices	30	-

# De-registered during the financial year.

# notes to the financial statements

30 April 2004

## 6 LONG TERM INVESTMENTS

	Group	
	2004 RM'000	2003 RM'000
At cost :		
Unquoted shares	5,700	5,700
Quoted shares - in Malaysia	19,733	-
- outside Malaysia	1,775	1,873
Quoted loan stocks in Malaysia	554	-
Malaysian Government Securities	3,427	3,427
Less : Cumulative amortisation of premium	(166)	(109)
	<u>3,261</u>	<u>3,318</u>
Club memberships	628	628
	<u>31,651</u>	<u>11,519</u>
Less : Provision for diminution in value :		
Quoted shares - in Malaysia	(2,030)	-
- outside Malaysia	(722)	-
Quoted loan stocks in Malaysia	(95)	-
Unquoted shares in Malaysia	(4,875)	-
	<u>23,929</u>	<u>11,519</u>
At market value :		
Quoted shares - in Malaysia	17,702	-
- outside Malaysia	1,056	1,056
Quoted loan stocks in Malaysia	459	-
Malaysian Government Securities	<u>3,305</u>	<u>3,501</u>

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.

## 7 INVESTMENT PROPERTIES

	Group	
	2004 RM'000	2003 RM'000
Freehold land and buildings, at cost	3,334	3,334
Less: Impairment loss	(754)	(754)
	2,580	2,580
Freehold office premise, at cost	53,030	-
	<u>55,610</u>	<u>2,580</u>
Fair value of investment properties estimated by the Directors	<u>57,745</u>	<u>3,045</u>

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

# notes to the financial statements

30 April 2004

## 8 DEFERRED TAX ASSETS

	Group	
	2004 RM'000	2003 RM'000
At 1 May	159	165
Recognised in the income statement (Note 35)	84	(6)
At 30 April	<u>243</u>	<u>159</u>

The components and movements of deferred tax assets are as follows :

	Retirement cost obligation RM'000	Accrued management fees RM'000	Unrealised foreign exchange RM'000	Total RM'000
<u>2004</u>				
At 1 May	151	-	8	159
Recognised in the income statement	38	102	(56)	84
At 30 April	<u>189</u>	<u>102</u>	<u>(48)</u>	<u>243</u>
<u>2003</u>				
At 1 May	136	-	29	165
Recognised in the income statement	15	-	(21)	(6)
At 30 April	<u>151</u>	<u>-</u>	<u>8</u>	<u>159</u>

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unutilised tax losses	27,071	27,291	17,277	17,277
Unabsorbed capital allowances	623	561	464	411
	<u>27,694</u>	<u>27,852</u>	<u>17,741</u>	<u>17,688</u>

Subject to the agreement by the Inland Revenue Board, the unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Group and Company.

## 9 GOODWILL ON CONSOLIDATION

	Group	
	2004 RM'000	2003 RM'000
At carrying amount :		
At 1 May	612,798	642,130
Less : Impairment losses	(215)	(28,234)
Translation exchange differences	(1,426)	(1,098)
Add : Goodwill understated in prior years	8,611	-
At 30 April	<u>619,768</u>	<u>612,798</u>

## 10 OTHER INTANGIBLE ASSET

	Group	
	2004 RM'000	2003 RM'000
Patent, at carrying amount		
At 1 May	3	11
Amortisation for the year	(3)	(8)
At 30 April	<u>-</u>	<u>3</u>

# notes to the financial statements

30 April 2004

## 11 INVENTORIES

	Group	
	2004 RM'000	2003 RM'000
<b>At cost :</b>		
Gaming equipment components and parts	1,266	540
Ticket inventories	2,326	3,366
Work-in-progress	1,315	524
Completed houses	2,381	3,230
	<u>7,288</u>	<u>7,660</u>
<b>At net realisable value :</b>		
Raw materials	11,248	12,433
Finished goods and inventories for resale	-	1,718
	<u>11,248</u>	<u>14,151</u>
	<u><u>18,536</u></u>	<u><u>21,811</u></u>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM33,879,000 (2003 : RM71,388,000).

In the previous year, the Group reversed provision for obsolete inventories of RM1,110,000 and this was set off against the obsolete and slow moving inventories.

## 12 RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	21,078	58,049	-	-
Other receivables	18,402	21,986	6,600	9,004
Prepayments	11,305	11,701	1	-
Deposits	1,383	1,222	86	86
	<u>52,168</u>	<u>92,958</u>	<u>6,687</u>	<u>9,090</u>
Less : Provision for doubtful debts	-	(847)	-	-
	<u><u>52,168</u></u>	<u><u>92,111</u></u>	<u><u>6,687</u></u>	<u><u>9,090</u></u>

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

The Group's normal trade credit term is on an average of 30 days except for a long term trade contract of a subsidiary company amounting to RM3,504,000 (2003 : Nil) is classified as long term receivable and the repayment is on instalment basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a group of debtors other than one trade debtor of a foreign subsidiary company which constitutes 82% (2003 : 69%) of the long term trade and short term trade receivables as at balance sheet date.

## 13 AMOUNTS DUE FROM SUBSIDIARY COMPANIES AND AFFILIATED COMPANIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Amounts due from :				
Affiliated companies	916,292	1,058,375	916,223	1,058,120
Subsidiary companies	-	-	435,376	348,602
Less : Provision for doubtful debts	-	-	(81,127)	-
	<u>-</u>	<u>-</u>	<u>354,249</u>	<u>348,602</u>
	<u><u>916,292</u></u>	<u><u>1,058,375</u></u>	<u><u>1,270,472</u></u>	<u><u>1,406,722</u></u>

# notes to the financial statements

30 April 2004

## 13 AMOUNTS DUE FROM SUBSIDIARY COMPANIES AND AFFILIATED COMPANIES (CONTINUED)

Affiliated companies in these financial statements refer to companies in the Berjaya Group Berhad ("BGB"), an indirect substantial shareholder of the Company, other than the subsidiary companies of the Company. The balances due from affiliated companies are unsecured, have no fixed terms of repayment and bear interest at an average rate of 2% (2003 : 2%) per annum above the average one year fixed deposit rate of a major licensed bank. Berjaya Land Berhad ("BLB"), a related company of BGB, has provided a written undertaking dated 23 January 2002 to the Company to settle the outstanding advances within three years from the date of issue of the Company's ICULS on 5 August 2002. BLB undertakes to settle these advances by cash derived principally from dealing in the ICULS held by the BLB group.

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

## 14 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
These comprise term deposits with :				
Licensed banks	140,640	36,142	112,798	5,500
Licensed finance companies	124,761	55,248	-	-
	<u>265,401</u>	<u>91,390</u>	<u>112,798</u>	<u>5,500</u>

Included in the Group's deposits with financial institutions is an amount of RM87,000 (2003 : RM87,000) 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	
	2004	2003	2004	2003
Licensed banks	2.78%	2.67%	2.43%	2.50%
Licensed finance companies	2.80%	2.80%	-	-

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

	Group		Company	
	2004	2003	2004	2003
Licensed banks	21 days	18 days	4 days	3 days
Licensed finance companies	30 days	30 days	-	-

## 15 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 RM1,293,000 (2003 : RM1,953,000) pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

## 16 PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	28,401	52,367	-	-
Pool betting duty payables	39,410	38,026	-	-
Other payables	10,903	6,650	403	756
Dividend payables	147,856	33,365	147,880	33,365
Accruals	157,515	176,689	11,245	11,236
ICULS liability component (Note 22)	13,544	19,257	13,544	19,928
	<u>397,629</u>	<u>326,354</u>	<u>173,072</u>	<u>65,285</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.

# notes to the financial statements

30 April 2004

## 17 AMOUNTS DUE TO SUBSIDIARY COMPANIES AND AFFILIATED COMPANIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Amounts due to :				
Subsidiary companies	-	-	149,503	231,602
Affiliated companies	711	970	-	75
	<u>711</u>	<u>970</u>	<u>149,503</u>	<u>231,677</u>

The affiliated companies are as defined in Note 13 to the financial statements.

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

The amounts due to subsidiary companies are unsecured and interest bearing.

## 18 SHORT TERM BORROWINGS

	Group	
	2004 RM'000	2003 RM'000
Term loan, secured	<u>4,997</u>	<u>11,761</u>

The term loan facility is secured by certain quoted shares belonging to certain affiliated companies, and property, plant and equipment of a foreign subsidiary company. The term loan bears interest at weighted effective rate of 4.83% (2003 : 3.77%) per annum.

## 19 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1.00 each		Amount	
	2004 Units '000	2003 Units '000	2004 RM'000	2003 RM'000
Authorised :				
At 1 May / 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	801,315	584,878	801,315	584,878
Issued pursuant to ESOS	13,321	3,304	13,321	3,304
Issued pursuant to conversion of ICULS	222,952	213,133	222,952	213,133
At 30 April	<u>1,037,588</u>	<u>801,315</u>	<u>1,037,588</u>	<u>801,315</u>

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	
	2004 Units '000	2003 Units '000
Total number of issued and paid up ordinary shares	1,037,588	801,315
Less : Ordinary shares held as treasury shares (Note 24)	(37,100)	(34,850)
	<u>1,000,488</u>	<u>766,465</u>

# notes to the financial statements

30 April 2004

## 19 SHARE CAPITAL (CONTINUED)

### Options under the ESOS

The movement in the options to take up unissued new ordinary shares of RM1.00 each during the financial year ended 30 April 2004 was as follows:

	Number of options
At 1 May 2003	13,959,340
Forfeiture on resignations	<u>(313,440)</u>
	13,645,900
Exercised during the financial year	<u>(13,321,040)</u>
At 31 March 2004	<u><u>324,860</u></u>

The cumulative options exercised and unexercised as at 31 March 2004 were as follows :

	Number of ordinary shares of RM1.00 each		Option price per ordinary share of RM1.00 each
	Cumulative options exercised Units	Options unexercised Units	RM
First offer	11,549,100	208,860	2.74
Second offer	<u>17,615,320</u>	<u>116,000</u>	2.84
	<u><u>29,164,420</u></u>	<u><u>324,860</u></u>	

All unexercised options lapsed on 31 March 2004.

## 20 SHARE PREMIUM

	Group and Company	
	2004 RM'000	2003 RM'000
<u>Non-distributable</u>		
At 1 May	192,817	144,180
Arising from shares issued pursuant to ESOS	24,200	6,020
Conversion of ICULS	44,590	42,617
At 30 April	<u><u>261,607</u></u>	<u><u>192,817</u></u>

## 21 EXCHANGE RESERVE

	Group	
	2004 RM'000	2003 RM'000
<u>Non-distributable</u>		
At 1 May	350	1,230
Current year translation of net assets in foreign subsidiary companies	<u>(1,005)</u>	<u>(880)</u>
At 30 April	<u><u>(655)</u></u>	<u><u>350</u></u>

## 22 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.

# notes to the financial statements

30 April 2004

## 22 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONTINUED)

- (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.
- (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 RM348,019,782 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 balance sheet date, a wholly-owned subsidiary company of the Company purchased a total of RM26,497,500 (2003 : RM18,113,000) nominal value of ICULS from the open market for a total consideration of approximately RM83,852,000 (2003 : 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 RM57,355,000 (2003 : 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
<b>Group</b>			
Balance as at 1 May 2003	240,702	268,223	508,925
Conversion of ICULS into ordinary shares	(103,684)	(120,159)	(223,843)
ICULS bought back by a subsidiary company	(3,884)	(4,500)	(8,384)
Extinguished during the year	-	(13,155)	(13,155)
Balance as at 30 April 2004	<u>133,134</u>	<u>130,409</u>	<u>263,543</u>
<b>Company</b>			
Balance as at 1 May 2003	249,092	277,946	527,038
Conversion of ICULS into ordinary shares	(103,684)	(120,159)	(223,843)
Extinguished during the year	-	(13,155)	(13,155)
Balance as at 30 April 2004	<u>145,408</u>	<u>144,632</u>	<u>290,040</u>

The outstanding ICULS at Company level are as follows :

	Company	
	2004 RM'000	2003 RM'000
Equity component	145,408	249,092
Liability component	144,632	277,946
	290,040	527,038
Accumulated liability component of ICULS extinguished	23,889	10,734
Total nominal value of ICULS outstanding at 30 April	<u>313,929</u>	<u>537,772</u>

# notes to the financial statements

30 April 2004

## 22 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONTINUED)

The liability component is further analysed as follows :

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Payable within next 12 months and classified under other payables (Note 16)	13,544	19,257	13,544	19,928
Payable after 12 months	116,865	248,966	131,088	258,018
	<u>130,409</u>	<u>268,223</u>	<u>144,632</u>	<u>277,946</u>

## 23 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 RM169,930,000 (2003 : RM193,224,000) and RM91,871,000 (2003 : RM91,871,000) respectively.

## 24 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2004 Units '000	2003 Units '000	2004 RM'000	2003 RM'000
At 1 May	34,850	26,292	206,089	162,993
Shares bought back during the year	2,250	8,558	9,169	43,096
At 30 April	<u>37,100</u>	<u>34,850</u>	<u>215,258</u>	<u>206,089</u>

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 22 October 2003, 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 2,250,000 (2003 : 8,558,000) shares of RM1.00 each from the open market and at an average price of RM4.08 (2003 : RM5.04) for approximately RM9,169,000 (2003 : RM43,096,000) 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			Number of shares ( '000)	Total consideration RM'000
	Lowest	Highest	Average		
July 2003	3.97	3.99	3.99	300	1,198
August 2003	4.06	4.09	4.09	1,950	7,971
				2,250	9,169

## 25 MINORITY INTERESTS

The minority interests in the previous year reflect a net debit balance due to losses allocated to a minority corporate shareholder. The minority corporate shareholder was deemed to have an obligation to take up its share of losses as it is a wholly-owned subsidiary of Berjaya Group Berhad ("BGB") and BGB was the ultimate holding company and had certain common management and board members of the Company. The deemed obligation accounting treatment was made for group consolidation accounting purposes as all the companies were related companies. However, during the year the minority corporate shareholder, Berjaya Group (Cayman) Limited had indicated that it no longer intend to further invest in the subsidiary, Berjaya Lottery Management (HK) Limited. Under this situation, the deemed obligation basis of accounting for group consolidation is considered no longer appropriate. Accordingly, the Company's Board of Directors has resolved to write off the minority interest debit balance in the current year amounting to RM151,913,000.

# notes to the financial statements

30 April 2004

## 26 PROVISIONS

	Group	
	2004 RM'000	2003 RM'000
<b>Retirement benefits</b>		
At 1 May	501	475
Additional provision during the year	114	46
Exchange difference	(27)	(20)
At 30 April	588	501
<b>Sales warranty</b>		
At 1 May	1,315	-
Additional provision during the year	494	1,315
Incurred during the year	(498)	-
Exchange difference	(41)	-
At 30 April	1,270	1,315
Total	1,858	1,816

## 27 DEFERRED LIABILITIES

	Group	
	2004 RM'000	2003 RM'000
Agency deposits	31,528	31,117

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

## 28 DEFERRED TAX LIABILITIES

	Group	
	2004 RM'000	2003 RM'000
The movement of deferred taxation is as follows :		
Balance at 1 May	7,488	3,561
Recognised in the income statement (Note 35)	4,401	3,927
Balance at 30 April	11,889	7,488

The components and movements of deferred tax liabilities are as follows :

	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
<u>Accelerated capital allowances</u>			
Deferred tax liabilities	7,488	4,401	11,889

## 29 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.

# notes to the financial statements

30 April 2004

## 29 REVENUE (CONTINUED)

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Dividend income from a subsidiary company	-	-	410,707	444,464
Management fee income	-	-	318	318
Toto betting operations	2,454,702	2,121,180	-	-
Sale of lottery systems and spare parts	21,592	83,551	-	-
Software support services	-	402	-	-
Sale of completed houses and land	1,002	513	-	-
	<u>2,477,296</u>	<u>2,205,646</u>	<u>411,025</u>	<u>444,782</u>

## 30 PROFIT FROM OPERATIONS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Profit from operations is stated after charging :</b>				
Auditors' remuneration				
- statutory audit :				
auditors of the Company				
- current year	107	105	34	34
- underprovision in previous year	-	12	-	2
other auditors				
- current year	318	343	-	-
- underprovision in previous year	171	76	-	-
- other services				
auditors of the Company	-	12	-	12
other auditors	319	247	-	-
Depreciation of property, plant and equipment	15,902	15,703	12	22
Amortisation of intangible asset	3	8	-	-
Directors' emoluments				
- fees	272	264	135	135
- salaries and other emoluments	4,113	4,646	10	7
- performance incentive	8,020	7,109	-	-
- bonus	566	628	-	-
Management fees payable to an affiliated company	720	720	720	720
Rent of premises	5,877	5,638	708	744
Toto betting royalty	-	20,088	-	-
Rent of equipment	1,044	1,025	-	-
Contribution to National Sports Council	47,887	42,826	-	-
Provision for doubtful debts	-	570	-	-
Bad debts written off	294	76	-	-
Research and development costs	7,342	4,727	-	-
Impairment loss on property, plant and equipment	-	623	-	-
Unrealised loss on foreign exchange	171	15	-	-
Realised loss on foreign exchange	118	-	-	-
Provision for doubtful debts				
due from a subsidiary company	-	-	81,127	-
Provision for inventory obsolescence	163	141	-	-
Property, plant and equipment written off	<u>106</u>	<u>14</u>	<u>-</u>	<u>-</u>

# notes to the financial statements

30 April 2004

## 30 PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>And crediting :</b>				
Management fees receivable from subsidiary companies	-	-	318	318
Gain on disposal of property, plant and equipment	759	829	-	140
Rental income	3,128	2,447	-	-
Write back of provision for doubtful debts	661	-	-	-
Bad debts recovered	-	106	-	-
Gain on foreign exchange-realised	4	160	-	-
Gain on foreign exchange-unrealised	403	49	-	-
	<u>50,623</u>	<u>50,119</u>	<u>723</u>	<u>733</u>
<b>Employee information :</b>				
Staff costs (excluding directors)	<u>50,623</u>	<u>50,119</u>	<u>723</u>	<u>733</u>

The estimated money value of benefits-in-kind received by the Directors is RM57,000 (2003 : RM57,000) for the Group.

### (a) Directors' remuneration

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

	Fees RM'000	Benefits- in-kind RM'000	Salaries and other emoluments RM'000	Performance incentive RM'000	Bonus RM'000	Total RM'000
<b>2004</b>						
Executive	-	57	3,745	8,020	528	12,350
Non-executive	135	-	343	-	25	503
	<u>135</u>	<u>57</u>	<u>4,088</u>	<u>8,020</u>	<u>553</u>	<u>12,853</u>
<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) Staff costs

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Wages, salaries and other allowances	40,878	40,804	544	600
Social security costs and employee insurance	1,310	1,161	48	40
Bonuses	4,378	3,719	45	29
Pension costs - defined contribution plans	3,249	3,306	67	64
Provision for short term compensated absences	808	1,129	19	-
	<u>50,623</u>	<u>50,119</u>	<u>723</u>	<u>733</u>

## 31 INVESTMENT RELATED INCOME

	Group	
	2004 RM'000	2003 RM'000
Gain on disposal of other investment	-	709

# notes to the financial statements

30 April 2004

## 32 INVESTMENT RELATED EXPENSES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Write down for impairment in value of :				
- goodwill in subsidiary companies	215	28,234	-	-
- investment in a subsidiary company	-	-	21,389	-
- investment cost and premium on acquisition in associated companies	-	468	-	233
- investment properties	-	754	-	-
Provision for diminution in value of other investments	7,723	-	-	-
Write down in value of unquoted investment	-	3,015	-	3,015
	<u>7,938</u>	<u>32,471</u>	<u>21,389</u>	<u>3,248</u>

## 33 INTEREST INCOME

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest on :				
- deposits	4,323	3,633	601	463
- advances to affiliated companies	58,539	74,843	58,539	74,843
- advances to subsidiary companies	-	-	2,240	1,701
- others	115	-	-	-
	<u>62,977</u>	<u>78,476</u>	<u>61,380</u>	<u>77,007</u>

## 34 FINANCE COSTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest on :				
- ICULS	20,704	23,013	22,236	23,719
- advances from a subsidiary company	-	-	16,966	21,927
- short term borrowings	308	331	-	-
- hire purchase	-	1	-	-
Other finance charges	11	23	-	-
	<u>21,023</u>	<u>23,368</u>	<u>39,202</u>	<u>45,646</u>

## 35 TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Taxation based on profit for the year :				
Malaysian taxation	134,477	123,963	120,600	132,553
Deferred taxation (Notes 8 and 28)	4,317	3,933	-	-
	<u>138,794</u>	<u>127,896</u>	<u>120,600</u>	<u>132,553</u>
(Over) / under provision in prior years	(1,267)	(8)	64	(13)
Foreign taxation	3,230	3,853	-	-
	<u>140,757</u>	<u>131,741</u>	<u>120,664</u>	<u>132,540</u>

# notes to the financial statements

30 April 2004

## 35 TAXATION (CONTINUED)

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit before taxation	<u>437,989</u>	<u>393,583</u>	<u>327,643</u>	<u>466,893</u>
Taxation at Malaysian statutory tax rate of 28% (2003 : 28%)	122,637	110,203	91,740	130,730
Income not subject to tax	-	(250)	-	(30)
Expenses not deductible for tax purposes	19,279	22,129	28,860	1,861
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	(62)	(106)	-	(8)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	494	213	-	-
Different tax rate for offshore companies	(324)	(440)	-	-
(Over) / underprovision of tax expense in prior year	(1,267)	(8)	64	(13)
Tax expense for the year	<u>140,757</u>	<u>131,741</u>	<u>120,664</u>	<u>132,540</u>

## 36 EARNINGS PER SHARE

	Group			
	Income (RM'000)		Earnings per share (sen)	
	2004	2003	2004	2003
Net profit for the year	138,039	257,502		
Increase in net profit as a result of interest expense saved from ICULS conversion	<u>26,998</u>	<u>24,655</u>		
	<u>165,037</u>	<u>282,157</u>		
Basic earnings per share			<u>16.33</u>	<u>39.85</u>
Weighted average number of shares outstanding ('000)	845,120	646,350		
- Number of shares under option	-	13,959		
- Number of shares that would have been issued at fair value	-	(10,294)		
- Number of shares from ICULS conversion	<u>313,929</u>	<u>396,320</u>		
Number of shares used in the calculation of diluted earnings per share	<u>1,159,049</u>	<u>1,046,335</u>		
Diluted earnings per share			<u>14.24</u>	<u>26.97</u>

# notes to the financial statements

30 April 2004

## 37 DIVIDENDS PER SHARE

	Group and Company			
	2004		2003	
	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 - 8% (2003 : 5%)	5.76	49,272	3.60	24,948
- 2nd interim - 20% (2003 : 5%)	14.40	144,070	3.60	26,105
Special dividend - less tax	-	-	90.00	500,899
- tax exempt	-	-	45.00	250,450
	-	-	135.00	751,349
Final dividend (less tax of 28%) - Nil (2003 : 28%)	-	-	20.00	155,273*
Underprovision of final dividend in previous year due to ICULS conversion	-	948	-	-
Overprovision of dividend in previous year due to share buyback	-	-	-	(877)

\* The financial statements did not reflect the proposed final dividend in the previous financial year as it was approved and its obligation to pay was established after the financial year ended 30 April 2003.

## 38 PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the effects of change in accounting policy for employee benefits following the adoption of MASB 29 : Employee Benefits. The adoption of MASB 29 resulted in the Group making provisions for obligations in respect of short term employee benefits in the form of accumulated compensated absences. These obligations were not provided for prior to 1 May 2003.

The change in this accounting policy has been applied retrospectively and comparatives have been restated. The effects of prior year adjustments described above are as follows :

	<u>Group</u> 2003 RM'000
<b>Effects on retained earnings :</b>	
At 1 May 2003, as previously stated	580,027
Effects of change in accounting policy	(1,129)
At 1 May 2003, as restated	<u>578,898</u>
<b>Effects on net profit for the year :</b>	
At 1 May 2003, as previously stated	258,631
Effects of change in accounting policy	(1,129)
At 1 May 2003, as restated	<u>257,502</u>

The opening balance of retained earnings for the financial year ended 30 April 2003 have not been restated as it is impracticable to do so.

Comparative amount for payables of the Group as at 30 April 2003 has been restated as follows :

	Previously stated RM'000	Adjustment RM'000	Restated RM'000
Payables	<u>325,225</u>	<u>1,129</u>	<u>326,354</u>

# notes to the financial statements

30 April 2004

## 39 CONTINGENT ASSET AND LIABILITIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<u>Contingent asset</u>				
Estimated liquidated ascertained damages receivable from a company in which a Director has interest	13,490	-	-	-
<u>Contingent liabilities - unsecured</u>				
Guarantee given to Noteholders for Secured Floating Rate Notes issued by an affiliated company	68,400	81,065	68,400	81,065
Guarantee given to a financial institution for facility granted to an affiliated company	3,002	5,654	3,002	5,654
	<u>71,402</u>	<u>86,719</u>	<u>71,402</u>	<u>86,719</u>

A guarantee fee of 1% (2003 : 1%) per annum is charged for the corporate guarantees provided.

## 40 CAPITAL COMMITMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Capital expenditures :				
- Approved and contracted for	13,161	5,381	-	-
- Approved but not contracted for	7,800	11,389	-	-
Non-cancellable operating leases				
- Rental for office premises	8,846	7,413	769	1,538
Commitment for other investment				
- Approved but not contracted for	-	250	-	-
	<u>29,807</u>	<u>24,433</u>	<u>769</u>	<u>1,538</u>

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Not later than one year	4,761	3,509	769	769
Later than one year but not later than five years	4,085	3,904	-	769
	<u>8,846</u>	<u>7,413</u>	<u>769</u>	<u>1,538</u>

Included in the approved and contracted capital expenditures for property, plant and equipment is the balance of the purchase consideration for properties amounting to RM80,000 (2003 : RM80,000) payable to Bukit Tinggi Resort Berhad.

# notes to the financial statements

30 April 2004

## 41 SIGNIFICANT RELATED PARTY DISCLOSURES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest income from				
- Berjaya Land Berhad - (b)	39,306	53,130	39,306	53,130
- Gateway Benefit Sdn Bhd - (b)	19,233	21,713	19,233	21,713
- FEAB Properties Sdn Bhd - (a)	-	-	774	225
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	1,148	1,191
Interest expense to				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(16,966)	(21,927)
Purchases of consumables from				
- Graphic Press Group Sdn Bhd - (d)	(9,964)	(11,164)	-	-
Advances given to				
- FEAB Properties Sdn Bhd - (a)	-	-	(86,528)	(78,007)
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	-	(6,973)
- Magna Mahsuri Sdn Bhd - (a)	-	-	(6,016)	-
Repayment of advances from / (to)				
- Berjaya Land Berhad - (b)	200,437	121,755	200,437	121,755
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	8,064	-
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(98,765)	(189,056)
Management fees for services rendered by				
- Berjaya Group Berhad - (b)	(720)	(720)	(720)	(720)
Security guard services charges by				
- Berjaya Guard Services Sdn Bhd - (b)	(1,003)	(969)	-	-
Rental and service charges by				
- Noble Circle (M) Sdn Bhd - (b)	(1,617)	(1,589)	(768)	(745)
Service charges for procurement and provision of printing and advertisement by				
- Novacomm Integrated Sdn Bhd - (b)	(2,686)	(2,275)	(182)	(80)
Purchases of cars from				
- Hyumal Motor Sdn Bhd - (c), (d)	(112)	(1,365)	-	-
Service charges and sinking fund for office block maintenance charged by				
- Berjaya TS Management Sdn Bhd - (c)	(1,464)	-	-	-
Guarantee fee income from				
- Berjaya Group Capital (Cayman) Ltd - (b)	771	893	771	893

The nature of the related party relationships are as follows :

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

The outstanding balances with subsidiary companies and affiliated companies have been disclosed under Notes 13 and 17 to the financial statements.

The Directors' remuneration are disclosed under Note 30.

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.

# notes to the financial statements

30 April 2004

## 42 FINANCIAL INSTRUMENTS

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

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

### (b) Currency Risk

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

### (c) Interest Rate Risk

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

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 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.

### (d) Market Risk

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

### (e) Credit Risk

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than to one trade debtor of a foreign subsidiary company which constitutes 82% (2003 : 69%) of the total long term trade and short term trade receivables as at balance sheet date.

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.

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

#### i) Cash and bank balances, receivables, payables, short term borrowings, amount due from / to subsidiary companies and affiliated companies

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

# notes to the financial statements

30 April 2004

## 42 FINANCIAL INSTRUMENTS (CONTINUED)

### (g) Fair Value (continued)

#### i) Cash and bank balances, receivables, payables, short term borrowings, amount due from / to subsidiary companies and affiliated companies (continued)

It is not practical to estimate the fair values of amount due from / to subsidiary companies and other affiliated companies, except for the amount due from BLB, 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 the fair value without incurring excessive costs.

#### iii) Contingent asset and liabilities

It is not practical to estimate the fair value of contingent asset and liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

## 43 SEGMENT INFORMATION

### (a) Business Segments :

30 April 2004

	Toto betting operations RM'000	Others * RM'000	Inter- segment RM'000	Consolidated RM'000
<b>Revenue</b>				
External sales	2,454,702	22,594	-	2,477,296
Inter-segment sales	-	19,361	(19,361)	-
				<u>2,477,296</u>
<b>Result</b>				
Segment results	424,449	(11,036)	(5,458)	407,955
Unallocated corporate expenses				(3,573)
Profit from operations				404,382
Investment related expenses				(7,938)
Interest income				62,977
Finance costs				(21,023)
Share of results of associated companies				(409)
Profit before taxation				437,989
Taxation				(140,757)
Profit after taxation				297,232
Minority interests				(159,193)
Net profit for the year				<u>138,039</u>
<b>Assets</b>				
Segment assets	469,785	294,378	303,239	1,067,402
Investments in equity method of associated companies	-	5,711	-	5,711
Unallocated corporate assets				1,047,120
Consolidated total assets				<u>2,120,233</u>

# notes to the financial statements

30 April 2004

## 43 SEGMENT INFORMATION (CONTINUED)

(a) Business Segments (continued) :

30 April 2004

	Toto betting operations RM'000	Others * RM'000	Inter- segment RM'000	Consolidated RM'000
<b>Liabilities</b>				
Segment liabilities	236,068	255,157	(233,255)	257,970
Unallocated corporate liabilities				327,343
Consolidated total liabilities				<u>585,313</u>
<b>Other information</b>				
Capital expenditures	29,195	5,841	(16)	35,020
- Unallocated corporate expenses				71
				35,091
Depreciation / Amortisation	15,494	926	(607)	15,813
- Unallocated corporate expenses				92
				15,905
Impairment losses	722	7,001	-	7,723
- Unallocated corporate expenses				215
				7,938

30 April 2003

<b>Revenue</b>				
External sales	2,121,180	84,466	-	2,205,646
Inter-segment sales	-	733	(733)	-
				<u>2,205,646</u>
<b>Result</b>				
Segment results	374,488	(2,569)	1,215	373,134
Unallocated corporate expenses				(2,995)
Profit from operations				370,139
Investment related income				709
Investment related expenses				(32,471)
Interest income				78,476
Finance costs				(23,368)
Share of results of associated companies				98
Profit before taxation				393,583
Taxation				(131,741)
Profit after taxation				261,842
Minority interests				(4,340)
Net profit for the year				<u>257,502</u>
<b>Assets</b>				
Segment assets	482,279	235,850	257,024	975,153
Investments in equity method of associated companies	-	620	-	620
Unallocated corporate assets				1,080,435
Consolidated total assets				<u>2,056,208</u>
<b>Liabilities</b>				
Segment liabilities	263,572	170,736	(139,205)	295,103
Unallocated corporate liabilities				343,576
Consolidated total liabilities				<u>638,679</u>
<b>Other information</b>				
Capital expenditures	9,871	2,699	(107)	12,463
- Unallocated corporate expenses				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

# notes to the financial statements

30 April 2004

## 43 SEGMENT INFORMATION (CONTINUED)

(b) Geographical Segments :

### Total Revenue From External Customers

	2004			2003		
	External RM'000	Inter- segment RM'000	Total RM'000	External RM'000	Inter- segment RM'000	Total RM'000
Malaysia	2,417,727	15,044	2,432,771	2,098,786	(733)	2,098,053
Others	59,569	(15,044)	44,525	106,860	733	107,593
	<u>2,477,296</u>	<u>-</u>	<u>2,477,296</u>	<u>2,205,646</u>	<u>-</u>	<u>2,205,646</u>

	2004 RM'000	2003 RM'000
<b>Segment Assets</b>		
Malaysia	940,638	814,390
Others	141,884	54,178
Unallocated corporate assets	<u>1,037,711</u>	<u>1,187,640</u>
	<u>2,120,233</u>	<u>2,056,208</u>

	2004 RM'000	2003 RM'000
<b>Capital Expenditures</b>		
Malaysia	37,463	10,364
Others	3,629	2,099
Unallocated corporate expenses	<u>71</u>	<u>25</u>
	<u>41,163</u>	<u>12,488</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.

# notes to the financial statements

30 April 2004

## 44 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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. As at 30 April 2004, 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 was no subsequent purchase of additional ICULS after the financial year ended 30 April 2004 up to the date of this report. There is no cancellation of the ICULS by the Company as at the date of this report.

On 23 January 2002, Berjaya Land Berhad ("BLB") gave the Company a written undertaking ("Undertaking Letter") relating to the settlement arrangement for the inter-company advances whereby it undertakes to settle the outstanding advances within three years from the date of issue of the ICULS on 5 August 2002. BLB has also given an undertaking that it 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 Berjaya Group Berhad ("BGB") group of companies within 60 days after the listing of and quotation for the Company's ICULS on the Bursa Malaysia Securities Berhad.

On 14 August 2003, the Company announced that BLB has informed the Company of its intention to undertake a placement of up to 200 million ordinary shares of RM1.00 each in the Company with the primary objective of paying down the inter-company advances owing 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. Subsequently on 11 February 2004, BLB announced a revision to its proposal to now undertake a placement of up to 200 million ordinary shares of RM1.00 each and or up to RM200 million nominal value of ICULS in the Company instead of only a placement of up to RM200 million ordinary shares of RM1.00 each in the Company as announced earlier.

As at 23 July 2004, the BLB group beneficially owns a balance of RM75,461,675 nominal value of ICULS which are free from encumbrances, after the release of RM100 million nominal value of ICULS in accordance with the terms of the Undertaking Letter upon BLB's repayment of RM100 million cash in January 2004 and another RM100 million cash in April 2004 to the Company to partially settle the inter-company balances owing by BLB group. As at 30 April 2004, the outstanding inter-company balances owing by BLB group was RM916.223 million.

## 45 COMPARATIVE FIGURES

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

	Group	
	RM'000	RM'000
	As restated	As previously reported
Other receivables (Note 12)	21,986	22,236
Deferred tax assets (Note 8)	159	-
Deferred tax liabilities (Note 28)	7,488	7,579

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

### MASB 29 : Employee Benefits

	As restated RM'000	Adjustments RM'000	As previously reported RM'000
<b>Group</b>			
Administrative and other operating expenses	(88,315)	(1,129)	(87,186)
Payables	326,354	1,129	325,225

# list of properties

as at 30 April 2004

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	64 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	4 yrs	6,000 sq ft	Restaurant premise	2,400
Berjaya Times Square 11th Floor, No. 1, Jalan Imbi 55100 Kuala Lumpur	Freehold (Strata titles)	06.01.1998	1 yr	106,027 sq. ft.	One floor of office space of an integrated commercial development	53,030
Lot SL-012 & 013 Sri Pelangi Shoplot Ground Floor, Block C Jalan Genting Klang, Setapak 53300 Kuala Lumpur	Freehold	12.12.1992	10 years	3,049 sq. ft.	2 units of ground floor shoplot, 1 unit for rental and 1 unit for warehouse purpose	439
Lots 335 & 336 Mukim Kuala Kuantan Astana Golf Resort, Kuantan Pahang Darul Makmur	Leasehold 99 years expiring on 10 Sept 2092	18.12.1992	-	16,714 sq. ft.	2 bungalow lots - vacant	210
A171 & A173 Sri Dagangan Business Centre, Jalan Tun Ismail 25100 Kuantan, Pahang Darul Makmur	Freehold	26.09.1992	10 yrs	2,860 sq. ft.	2 units of 3-storey shop - 2 floors for sales office, 3 floors for rental and 1 floor vacant	665
Lot 367, Section 11 Kuching Town Land District Jalan Kulas, 93400 Kuching, Sarawak	Freehold	28.03.1994	11 yrs	1,214 sq. ft.	1 unit of 4-storey shophouse for - 1 floor for rental, 1 floor for service centre and 2 floors vacant	676
Lot 19, Borneo Commercial Centre 88100 Luyang Kota Kinabalu Sabah	Leasehold 999 years expiring on 15 May 2915	24.12.1994	11 yrs	3,750 sq. ft.	1 unit of 3-storey shoplot - 2 floors for sales office and 1 floor vacant	524
24, Jalan SS2/66, 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	30.12.1994	32 yrs	1,680 sq. ft.	1 unit of 3-storey shophouse for rental	1,214
No. 14, Sri Desa Entrepreneur's Park Jalan Kuchai Lama, 58200 Kuala Lumpur	Freehold	23.11.1995	6 yrs	6,706 sq. ft.	1 unit of 5-storey shopoffice - 4 floors for rental and 1 floor vacant	1,400

# list of properties

as at 30 April 2004

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Net Book Value RM'000
Kim's Park Business Centre No. 1, Jalan Penjaja 3/A Batu Pahat Johor Darul Takzim	Freehold	15.06.1998	5 yrs	2,575 sq. ft.	1 unit of 3 - storey shopoffice - 1 floor for sales office and 2 floors vacant	824
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	323

Note :

N/A : Not available

## REVALUATION POLICY

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

# material contracts

Other than as disclosed in Notes 13, 40 and 41 of the financial statements for the financial year ended 30 April 2004, 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

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

Related parties	Nature of transaction	Name of companies	Amount transacted during the financial year (RM'000)
<b>Berjaya Group Berhad and its unlisted related companies :-</b>			
Berjaya Group Berhad	Management fees payable for services rendered that include, inter-alia, the provision of finance, secretarial and general administrative services	Berjaya Sports Toto Berhad	720
Berjaya Registration Services Sdn Bhd	Receipt of share registration services	Berjaya Sports Toto Berhad	406
Berjaya Education Sdn Bhd	Receipt of education and staff training services	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	5
Novacomm Integrated Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	2,686
Inter-Pacific Trading Sdn Bhd	Purchase of stationery products	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	82
<b>Berjaya Land Berhad and its unlisted related companies :-</b>			
Berjaya Guard Services Sdn Bhd	Receipt of security guard services	Sports Toto Malaysia Sdn Bhd	1,003
Berjaya Langkawi Beach Resort Sdn Bhd	Rental of villa at Berjaya Langkawi Beach & Spa Resort	Berjaya Sports Toto Berhad	180
Noble Circle (M) Sdn Bhd	Rental and service charges for renting of office premises	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	1,618
Sinar Merdu Sdn Bhd	Rental for renting of rooms at KL Court KL Plaza	Sports Toto Malaysia Sdn Bhd	67
Berjaya Land Development Sdn Bhd	Rental for renting of office premises	FEAB Properties Sdn Bhd FEAB Land Sdn Bhd	22
<b>Matrix International Berhad and its unlisted related companies :-</b>			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems and related services	International Lottery & Totalizator Systems, Inc.	205
<b>Cosway Corporation Berhad and its unlisted related companies :-</b>			
Stephens Properties Sdn Bhd	Rental for renting of storage areas	Berjaya Sports Toto Berhad FEAB Properties Sdn Bhd	3
<b>Other related parties :-</b>			
Nautilus Corporation Sdn Bhd	Rental for renting of resort room at Genting View Resort, Pahang for guests use	FEAB Properties Sdn Bhd	17
Bell Textile Industries Sdn Bhd	Rental income for renting of office premises	FEAB Land Sdn Bhd	36
Qinetics Solutions Sdn Bhd	Procurement of e-newsletter/website development and maintenance services	Berjaya Sports Toto Berhad	27
Hyumal Trading Sdn Bhd Hyumal Motor Sdn Bhd Quasar Carriage Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Sports Toto Malaysia Sdn Bhd	260
Graphic Press Group Sdn Bhd	Procurement of Toto betting slips printing services	Sports Toto Malaysia Sdn Bhd	9,964

# statement of directors' shareholdings

as at 30 August 2004

## THE COMPANY

	No. of ordinary shares of RM1.00 each			
	Direct Interest	%	Deemed Interest	%
1. Tan Sri Dato' Thong Yaw Hong	538,000	0.05	200,000	0.02
2. Tan Sri Dato' Seri Vincent Tan Chee Yioun	30,206,500	3.08	397,679,299	40.50
3. Ng Foo Leong	2,700,000	0.27	-	-
4. Dato' Robin Tan Yeong Ching	662,000	0.07	-	-
5. Datuk Robert Yong Kuen Loke	1,826,200	0.19	-	-
6. Tan Sri Dato' Jaffar Bin Abdul	103,750	0.01	-	-
7. Chan Kien Sing	3,200	0.00	-	-
8. Freddie Pang Hock Cheng	512,800	0.05	-	-

	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	34,111,951	10.89	254,960,564	81.38

Save as disclosed, none of the other Directors in office has any interests in the shares and debentures of the Company or its related corporation as at 30 August 2004.

# statistics on shares and convertible securities

as at 30 August 2004

## 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	510	1.27	10,587	0.00
100 - 1,000	13,869	34.42	12,927,427	1.32
1,000 - 10,000	21,686	53.82	87,473,016	8.91
10,001 - 100,000	3,730	9.26	102,966,804	10.48
100,001 - 49,098,591	498	1.23	728,593,998	74.20
49,098,592 and above*	1	0.00	50,000,000	5.09
<b>Total</b>	<b>40,294</b>	<b>100.00</b>	<b>981,971,832</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 issue.

## THIRTY LARGEST SHAREHOLDERS

<b>NO.</b>	<b>NAME</b>	<b>NO. OF SHARES</b>	<b>%</b>
1	Scotia Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	50,000,000	5.09
2	UOBM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (PCI)</i>	28,000,000	2.85
3	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	27,579,880	2.81
4	Citicorp Nominees (Tempatan) Sdn Bhd <i>MLPFS For Gateway Benefit Sdn Bhd</i>	22,840,000	2.33
5	UOBM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Immediate Capital Sdn Bhd (PCI)</i>	22,000,000	2.24
6	RHB Nominees (Tempatan) Sdn Bhd <i>GK Goh SPL For Gateway Benefit Sdn Bhd (4G/388068)</i>	21,600,000	2.20
7	Cartaban Nominees (Asing) Sdn Bhd <i>Government of Singapore Investment Corporation Pte Ltd For Government of Singapore (C)</i>	19,655,600	2.00
8	Citicorp Nominees (Tempatan) Sdn Bhd <i>MLPFS For Berjaya Land Berhad</i>	17,500,000	1.78
9	HSBC Nominees (Asing) Sdn Bhd <i>BBH And Co Boston For Emerging Markets Fund</i>	15,366,000	1.56
10	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>UBS AG</i>	15,128,013	1.54
11	Mayban Nominees (Tempatan) Sdn Bhd <i>J.P Morgan Chase Bank Berhad For Gateway Benefit Sdn Bhd (220006)</i>	15,000,000	1.53
12	HSBC Nominees (Asing) Sdn Bhd <i>Pictet And Cie For Pictet Asia Growth Fund FCP (PAM REF 3186)</i>	13,237,000	1.35
13	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01408432026B)</i>	12,725,000	1.30

# statistics on shares and convertible securities

as at 30 August 2004

NO.	NAME	NO. OF SHARES	%
14	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	11,440,500	1.17
15	Thong & Kay Hian Nominees (Tempatan) Sdn Bhd <i>UOB Kay Hian Pte Ltd For Gateway Benefit Sdn Bhd</i>	9,689,000	0.99
16	Amsec Nominees (Tempatan) Sdn Bhd <i>Amfinance Berhad For Gateway Benefit Sdn Bhd</i>	9,255,000	0.94
17	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Growth Fund</i>	8,401,700	0.86
18	Cartaban Nominees (Asing) Sdn Bhd <i>Government of Singapore Investment Corporation Pte Ltd For Monetary Authority Of Singapore (J)</i>	7,934,800	0.81
19	Mayban Nominees (Tempatan) Sdn Bhd <i>Aseambankers Malaysia Berhad For Berjaya Land Bhd (B-230578)</i>	7,729,000	0.79
20	PAB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (Inter Pec - CTL)</i>	7,712,000	0.79
21	Affin-ACF Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	7,206,000	0.73
22	HSBC Nominees (Asing) Sdn Bhd <i>Pictet And Cie For Pictet Targeted Fund FCP (PAM REF 0933)</i>	7,181,300	0.73
23	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Urus Sdn Bhd Berjaya Land Berhad (Berjaya Group)</i>	6,804,000	0.69
24	HSBC Nominees (Asing) Sdn Bhd <i>CMBI For Deka Team Emerging Markets</i>	6,725,000	0.68
25	HSBC Nominees (Asing) Sdn Bhd <i>Abu Dhabi Investment Authority</i>	6,589,704	0.67
26	Amsec Nominees (Tempatan) Sdn Bhd <i>Ambank Berhad For Gateway Benefit Sdn Bhd</i>	6,200,000	0.63
27	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 2)</i>	6,200,000	0.63
28	HSBC Nominees (Asing) Sdn Bhd <i>T Rowe Price Trust Company, International Common Trust Fund</i>	6,062,000	0.62
29	Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	5,834,100	0.59
30	Amsec Nominees (Tempatan) Sdn Bhd <i>Amfinance Berhad For Berjaya Land Berhad</i>	5,330,000	0.54
		406,925,597	41.44

# statistics on shares and convertible securities

as at 30 August 2004

## 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	409	7.25%	9,484	0.00%
100 - 1000	798	14.15%	628,986	0.20%
1,001 - 10,000	3,902	69.19%	12,647,577	4.04%
10,001 - 100,000	441	7.82%	10,237,775	3.27%
100,001 - 15,664,720	87	1.54%	161,598,843	51.58%
15,664,721 and above*	4	0.07%	128,171,762	40.91%
<b>Total</b>	<b>5,641</b>	<b>100.00%</b>	<b>313,294,427</b>	<b>100.00%</b>

\*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	67,773,262	21.63
2	FEAB Properties Sdn Bhd	26,497,500	8.46
3	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	17,901,000	5.71
4	Mayban Nominees (Tempatan) Sdn Bhd <i>J.P Morgan Chase Bank Berhad For Gateway Benefit Sdn Bhd (220006)</i>	16,000,000	5.11
5	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd</i>	13,378,100	4.27
6	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	13,150,850	4.20
7	Affin-ACF Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	9,728,100	3.11
8	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Urus Sdn Bhd Berjaya Land Berhad (Berjaya Group)</i>	9,185,400	2.93
9	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd For Berjaya Land Berhad</i>	6,952,500	2.22
10	Berjaya Land Berhad	6,704,840	2.14
11	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	6,075,000	1.94
12	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers Sdn Bhd For Berjaya Land Bhd</i>	5,535,000	1.77
13	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers (L) Ltd For Berjaya Land Bhd</i>	4,725,000	1.51
14	Citicorp Nominees (Tempatan) Sdn Bhd <i>MLPFS For Berjaya Land Berhad</i>	3,949,000	1.26

# statistics on shares and convertible securities

as at 30 August 2004

NO.	NAME	NO. OF ICULS HELD	%
15	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad (94003A)</i>	3,820,500	1.22
16	Thong & Kay Hian Nominees (Tempatan) Sdn Bhd <i>UOB Kay Hian Pte Ltd For Gateway Benefit Sdn Bhd</i>	3,500,000	1.12
17	AMMB Nominees (Tempatan) Sdn Bhd <i>Aminternational (L) Ltd For Gateway Benefit Sdn Bhd (6/115-5)</i>	3,375,000	1.08
18	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers Sdn Bhd For Berjaya Land Bhd (Bgroup Bhd)</i>	3,267,000	1.04
19	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers (L) Ltd For Gateway Benefit Sdn Bhd</i>	3,105,000	0.99
20	Affin-Acf Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Immediate Capital Sdn Bhd</i>	3,048,300	0.97
21	PAB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BSNC - Jln Bunus)</i>	2,970,000	0.95
22	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers Sdn Bhd For Gateway Benefit Sdn Bhd (Bgroup Bhd)</i>	2,835,000	0.90
23	Amsec Nominees (Tempatan) Sdn Bhd <i>Ambank Berhad For Berjaya Land Berhad</i>	2,800,000	0.89
24	Scotia Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	2,611,000	0.83
25	Cimsec Nominees (Tempatan) Sdn Bhd <i>Danaharta Managers (L) Ltd For Immediate Capital Sdn Bhd</i>	2,551,500	0.81
26	CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Immediate Capital Sdn Bhd</i>	2,421,900	0.77
27	OSK Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	2,199,500	0.70
28	PAB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BSNC - Kepong)</i>	2,160,000	0.69
29	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad (HLF TMSB/129/BLB)</i>	2,097,500	0.67
30	Amsec Nominees (Tempatan) Sdn Bhd <i>Amfinance Berhad For Berjaya Land Berhad</i>	2,065,500	0.66
		252,383,252	80.55

# substantial shareholders

as at 30 August 2004

Names of Substantial Shareholder	<----- No. of Shares ----->			
	Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	177,685,491	18.09	-	-
Berjaya Land Berhad	157,208,723	16.01	224,275,323(a)	22.84
Teras Mewah Sdn Bhd	-	-	381,484,046(b)	38.85
Berjaya Group Berhad	-	-	396,884,299(c)	40.42
Tan Sri Dato' Seri Vincent Tan Chee Yioun	30,206,500	3.08	397,679,299(d)	40.50

## 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, and his deemed interest in Desiran Unggul Sdn Bhd, a wholly-owned subsidiary of Intan Utilities Berhad.

# notice of annual general meeting

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Berjaya Sports Toto Berhad will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 19 October 2004 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 2004 and the Directors' and Auditors' Reports thereon. RESOLUTION 1
2. To approve the payment of Directors' fees amounting to RM135,000 for the year ended 30 April 2004. RESOLUTION 2
3. To re-elect the following Directors who retire pursuant to Article 98(A) of the Company's Articles of Association:-
  - a) Datuk Robert Yong Kuen Loke RESOLUTION 3
  - b) Freddie Pang Hock Cheng RESOLUTION 4
4. To re-appoint Tan Sri Dato' Thong Yaw Hong as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. RESOLUTION 5
5. To re-appoint Tan Sri Dato' Jaffar Bin Abdul as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. RESOLUTION 6
6. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. RESOLUTION 7
7. As special business:-

To consider and, if thought fit, pass the following Ordinary Resolutions :-

### (i) Authority to 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 8

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

"That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad), approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular dated 27 September 2004 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such mandate shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the AGM at which the ordinary resolution for the proposed mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;

# notice of annual general meeting

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is the earlier;

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

RESOLUTION 9

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

"That, subject always to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up ordinary share capital through Bursa Securities and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the existing total issued and paid-up share capital of the Company inclusive of the 56,250,000 ordinary shares already purchased and retained as treasury shares;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profit and share premium of the Company. Based on the latest audited accounts as at 30 April 2004, the retained profits and share premium of the Company were RM342.346 million and RM261.607 million respectively;
3. the approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting after that date is required by law to be held; or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest;
4. upon completion of the purchase(s) of the ordinary shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased, retain all the shares as treasury shares for future re-sale or for distribution as dividend to the shareholders of the Company or retain part thereof as treasury shares and subsequently cancelling the balance, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force."

RESOLUTION 10

By Order of the Board  
SU SWEE HONG  
Secretary

Kuala Lumpur  
27 September 2004

# notice of annual general meeting

## 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 3, 4, 5 AND 6

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

1. Datuk Robert Yong Kuen Loke (please refer to Profiles of Board of Directors on Page 6 and Statement of Directors' Shareholdings on Page 78 of the Annual Report).
2. Freddie Pang Hock Cheng (please refer to Profiles of Board of Directors on Page 7 and Statement of Directors' Shareholdings of Page 78 of the Annual Report).
3. Tan Sri Dato' Thong Yaw Hong (please refer to Profiles of Board of Directors on Page 4 and Statement of Directors' Shareholdings on Page 78 of the Annual Report).
4. Tan Sri Dato' Jaffar Bin Abdul (please refer to Profiles of Board of Directors on Page 7 and Statement of Directors' Shareholdings on Page 78 of the Annual Report).

The details of Directors attendance for Board Meetings are set out on Page 23 of the Annual Report.

### (C) SPECIAL BUSINESS

1. Resolution 8 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares 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.
2. Resolutions 9 if passed will renew and approve the Shareholders' Mandate on Recurrent Related Party Transactions and to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad. The explanatory notes on Ordinary Resolution 9 is set out in the Circular to Shareholders dated 27 September 2004 attached to the Annual Report.
3. Resolution 10 if passed will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued and paid up share capital of the Company. The explanatory notes on Resolution 10 is set out in the Circular to Shareholders dated 27 September 2004 attached to the Annual Report.

# form of proxy

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

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

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

of \_\_\_\_\_  
(Address)

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

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

of \_\_\_\_\_  
(Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 19 October 2004 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 Directors' Fees		
RESOLUTION 3 - To re-elect Datuk Robert Yong Kuen Loke as Director		
RESOLUTION 4 - To re-elect Freddie Pang Hock Cheng as Director		
RESOLUTION 5 - To re-appoint Tan Sri Dato' Thong Yaw Hong as Director		
RESOLUTION 6 - To re-appoint Tan Sri Dato' Jaffar Bin Abdul as Director		
RESOLUTION 7 - To re-appoint Auditors		
RESOLUTION 8 - To approve authority to allot and issue shares		
RESOLUTION 9 - To approve mandate on recurrent related party transactions		
RESOLUTION 10 - To approve the renewal of authority to purchase its own shares by the Company		

No. of Shares Held

\_\_\_\_\_  
Signature of Shareholder(s)

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2004

## 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 name 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

2nd fold here

1st fold here

**GROUP ADDRESSES:**

**Sports Toto Malaysia Sdn Bhd**  
Berjaya Times Square,  
Level 13-01,  
No. 1, Jalan Imbi,  
55100 Kuala Lumpur  
Tel: 03 - 2148 9888  
E-mail: [webmaster@sportstoto.com.my](mailto:webmaster@sportstoto.com.my)

**Berjaya Lottery Management (HK) Limited**  
Room 901-2,  
59, Connaught 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. V.A. Rusino Street, Makati City  
Metro Manila, 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>