



**BERJAYA**

**BERJAYA SPORTS TOTO BERHAD**

(Company No. 9109-K)

برجاي سפורتس توتو برحد

成功多多博彩有限公司



LAPORAN TAHUNAN

**2005**  
annual report

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## Our Mission and Vision

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

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



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 activities of the Group are:

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

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.

Sports Toto was privatised in 1985 when its Chief Executive Officer, Tan Sri Dato' Seri Vincent Tan Chee Yioun, through his private company acquired 70% of the paid-up capital.

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 19 years after its privatisation in 1985 is highlighted below:

	30-4-2005 Million		31-12-1985 Million		19 Years' Annualised Increase (%)
	RM	US\$	RM	US\$	
Revenue	2,626.6	691.2	76.0	20.0	176.6
Pre-tax Profit	491.6	129.4	5.0	1.3	512.2
Shareholder's Funds	133.2	35.1	1.0	0.3	695.8
Total Assets	383.9	101.0	12.7	3.3	153.8
Total No. of Employees	599		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, Michelle (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 : 03-2145 0533  
Fax : 03-2145 9702

## Auditors

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

## Registered Office

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

## Principal Bankers

Commerce International Merchant Bankers Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
The Bank of Nova Scotia 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

75 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 overall in charge 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' Thong Yaw Hong is the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Company.



## TAN SRI DATO' SERI VINCENT TAN CHEE YIOON

丹斯里拿督斯里陈志远

53 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, DiGi.Com Berhad, Nexnews Berhad, Berjaya Times Square Sdn Bhd, Bukit Tinggi Resort Berhad, MOL.com Berhad, MiTV Corporation Sdn Bhd 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 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 Sun Media Corporation Sdn Bhd.

Tan Sri Dato' Seri Vincent Tan Chee Yioon is a member of the Remuneration Committee of the Company.

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

54 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 Chairman/President of Prime Gaming Philippines Inc. and 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 TANYEONG CHING**

拿督陈永钦

31 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 Chairman of MOL.com Berhad, 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, Qinetics Solutions Berhad and several other private limited companies.

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

**DATUK ROBERT YONG KUEN LOKE****拿督杨群录**

53 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 and Matrix International Berhad. He also holds directorships in Berjaya Golf Resort Berhad and several other private limited companies.

Datuk Robert Yong Kuen Loke is a member of the Audit Committee of the Company.

**CHAN KIEN SING****陈健星**

49 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 Matrix International Berhad and Berjaya Holdings (HK) Limited. He is also a Director of Intan Utilities Berhad, Berjaya Vacation Club Berhad and International Lottery & Totalizator Systems, Inc. (USA) and an alternate Director in Nexnews Berhad. He also holds directorships in several other private limited companies.

# Profiles of Board of Directors



## **FREDDIE PANG HOCK CHENG**

彭福清

50 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, 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

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

He was appointed to the Board on 28 August 1997 as an Independent Non-Executive Director. 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 and Yinson Holdings Berhad. He is also a Director in Olympia Industries Berhad, Silverstone Corporation Berhad, Amalgamated Containers Berhad and several other private limited companies.

Tan Sri Dato' Jaffar Bin Abdul is the Chairman of the Audit Committee, Nomination Committee and a member of the Remuneration Committee of the Company.

**MOHAMED SALEH BIN GOMU**

莫哈末沙烈敏国目

55 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.

Mohamed Saleh Bin Gomu is a member of the Audit Committee and Nomination Committee of the Company.

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

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 2005.



## FINANCIAL RESULTS

For the financial year under review, the Group registered a revenue of RM2.67 billion, representing an increase of 7.7% compared to RM2.48 billion in the previous financial year. The increase in revenue was due to its principal subsidiary company, Sports Toto Malaysia Sdn Bhd ("Sports Toto") having four additional draws compared to the previous year as well as improvement in sales of the 4-Digit game. Group pre-tax profit rose by 11.3% from RM437.99 million in the previous year to RM487.50 million mainly due to a lower prize payout in the financial year under review.



## DIVIDEND

The Board had declared and paid four interim dividends for the financial year ended 30 April 2005. The first interim dividend of RM0.10 per share less 28% income tax was paid on 15 October 2004, the second interim dividend of RM0.08 per share less 28% income tax on 13 January 2005, the third interim dividend of RM0.16 per share less 28% income tax on 5 April 2005 and the fourth interim dividend of RM0.11 per share less 28% income tax was paid on 1 June 2005. The total dividend distribution per share in respect of the financial year ended 30 April 2005 was RM0.45 per share less 28% income tax or a total net dividend of approximately RM343.4 million representing about 104.7% of the attributable profits for the year. (2004: RM0.28 per share less 28% income tax or a total dividend amounting to RM193.3 million). The dividend distribution is consistent with the Company's current dividend policy of distributing at least 75% of its annual net earnings to shareholders. The Company will maintain the 75% payment policy subject to factors such as availability of distributable reserves and tax credits to frank the dividends and the Company's cash flow requirements.

## CORPORATE DEVELOPMENTS

- On 7 March 2005, the Company announced its proposal to undertake a scheme of capital distribution amounting to RM0.50 per share in cash to all its shareholders. The capital distribution will be carried out via a reduction of the Company's share capital pursuant to Section 64 of the Companies Act, 1965 which will result in the reduction of the par value of the ordinary shares from RM1.00 to RM0.50. The Company will be distributing cash of up to RM633.50 million based on its anticipated fully diluted share capital of 1.267 billion ordinary shares of RM1.00 each with voting rights. The Board has accepted the offer of a 5-year syndicated term loan arranged by the Bank of Nova Scotia amounting to RM600 million to enable the Company to implement the capital distribution scheme. The balance of RM33.50 million if necessary, will come from internally generated funds. The scheme has been approved by the Company's shareholders and consented by the Company's ICULS holders at an



1. A Sports Toto outlet.

2. A Sports Toto on-line sales terminal.

Extraordinary General Meeting and ICULS Holders' Meeting respectively convened on 8 June 2005. The scheme is currently pending completion.

- On 9 March 2005, the Company announced that its subsidiary, Berjaya Lottery Management (HK) Limited ("BLM") had implemented the proposed rights issue of HKD500 million of HKD1.00 each (equivalent to approximately RM243.625 million). The Company via its wholly-owned subsidiary, Berjaya Sports Toto (Cayman) Limited ("BSTC") had subscribed for its entitlement of HKD257.5 million ordinary shares of HKD1.00 each (equivalent to RM125.467 million). The subscription of the rights issue by BSTC was settled by way of capitalisation of advances from BSTC to BLM. Upon the completion

## 主席报告

本人谨代表董事部提呈2005年4月30日截止财政年度的常年报告与财务报告。

### 业绩

在检讨中的财政年度，本集团取得26亿7千万令吉的营业收入，比上一年财政年度的收益24亿8千万令吉高出7.7%。收益增加，是由于主要子公司多多博彩马来西亚有限公司（“多多博彩”）比上一年度多举行4次开奖，同时万字博彩营业也有改善。集团的税前盈利提高了11.3%，从上一年的4亿3千7百99万令吉增至4亿8千7百50万令吉，原因是检讨中的财政年度，所付出的派彩奖金较少。

### 股息

在2005年4月30日截止的财政年度，董事部宣布及派发了四次期中股息。第一次期中股息为每股RM0.10，须扣税28%，于2004年10月15日派发。第二次期中股息每股RM0.08，须扣税28%，于2005年正月13日派发。第三次期中股息则为每股RM0.16，须扣税28%，于2005年4月5日派发，而第四次期中股息每股RM0.11，须扣税28%，则于2005年6月1日派发。2005年4月30日截止财政年度全年分配的总股息，为每股RM0.45，须扣税28%，或相等于是净股息总额大约为3亿4千3百40万令吉，等于全年可分配盈利的104.7%（2004年为每股RM0.28，须扣税28%或总股息1亿9千3百30万令吉）。股息的分发，与公司现行的股息分配政策，即至少将每年净收益的75%分配给股东，符合一致。只要各种因素如有足够可分配的储备金和抵减税额来支付股息和应付公司的流动现金需求，公司将维持这75%的派息政策。

### 公司发展

- 在2005年3月7日，公司宣布一项建议，要进行一项资本分配计划，每股分配RM0.50现金给所有的股东。这项资本分配将依据1965年公司法第64条款，通过一次减少公司股本进行。这将导致每股面值RM1.00的普通股，减为每股面值RM0.50。根据预料中具有投票权的全面稀释股本为12亿6千7百万股普通股，每股面值RM1.00，公司将分配现金多达6亿3千3百50万令吉。董事部已接受献议，由Nova Scotia银行安排一项为期5年的联行定

# Chairman's Statement



1, 2, 3. A Toto draw in progress.



of the rights issue exercise, the paid-up capital of BLM was increased to HKD387,500,000 of HKD1.00 each and BSTC's equity interest in BLM was increased from 51.5% to 83.7%.

3. On 23 June 2005, the Company noted that Berjaya Land Berhad ("BLand") had announced its proposed sale of 320.0 million Berjaya Sports Toto Berhad ("BToto") shares to Intan Utilities Berhad at RM3.60 per BToto share (excluding RM0.50 capital distribution). BLand will utilise the balance of the net proceeds received from the proposed disposal after the redemption of the disposal shares from its lenders to settle the outstanding inter-company balances that BLand owed to BToto. As at 3 August 2005, the total amount of inter-company debt outstanding owed by BLand is RM663.467 million.

On 10 August 2005, the Company had accepted BLand's request for extension of time by another one year to 4 August 2006 to settle in full the advances owing to BToto pursuant to a written undertaking by BLand to BToto dated 23 January 2002.

The Company had on 14 August 2003 announced its intention to distribute any surplus funds to its shareholders upon receipt of the inter-company debt repayment

from BLand. The Board wishes to reiterate its intention to distribute any surplus cash upon receipt of the debt owed by BLand. Based on the inter-company debt outstanding and potential enlarged share capital, the proposed distribution is estimated to be RM0.50 per share ("2nd Capital Distribution").

4. The Company had on 25 July 2005 announced the disposal of all its 27,873,100 BToto ICULS which were held as Treasury ICULS by FEAB Properties Sdn Bhd, a wholly-owned subsidiary of BToto, for a total gross consideration of RM116.510 million or at RM4.18 per BToto ICULS. The estimated net gain on the disposal was approximately RM24.278 million.
5. During the financial year under review, the Company bought back a total of 41.5 million ordinary shares from the open market, for a total consideration of RM158.3 million or at an average cost of RM3.81 per share. The cumulative number

of shares bought back was 41.5 million shares, totaling RM158.3 million. The Company had also announced a rights issue of 333,333,333 shares at RM1.00 per share, totaling RM333.33 million. The rights issue was completed on 10 August 2005. The Company had also announced a rights issue of 333,333,333 shares at RM1.00 per share, totaling RM333.33 million. The rights issue was completed on 10 August 2005.

2. 2005年3月9日，公司宣布子公司成功博彩管理(香港)有限公司("BLM")已进行建议中的发行附加股，发行港币5亿元的股票(大约等于马币2亿4千3百62万5千令吉)每股港币1.00元。通过属下全资子公司成功多多博彩(开曼)有限公司("BSTC")，公司认购了权限所属的港币2亿5千7百50万元普通股(约等于马币1亿2千5百46万7千令吉)，每股港币1.00元。BSTC的认购，是由BSTC预支款项给BLM作为资本，加以解决。在完成这项发行附加股之后，BLM的缴足股本即增加至港币3亿8千7百50万元，每股港币1.00元，而BSTC在BLM的股权，则由51.5%增至83.7%。

3. 2005年6月23日，公司注意到成功置地有限公司("成功置地")已宣布其建议，要将所拥有的成功多多博彩有限公司("成功多多")3亿2千万的股票，以每股RM3.60(不包括每股RM0.50资本分配)的价格，售卖给英丹公用事业有限公司。成功置地将在从借债者赎回其欲脱售股票之后，利用建议中脱售所收到的净收益余额，偿还成功置地欠成功多多的公司间贷款。在2005年8月3日，成功置地欠公司之间的债务总额，计为6亿6千3百46万7千令吉。

2005年8月10日，公司接受成功置地的请求，根据2002年1月23日成功置地签给成功多多的一项书面承诺。对欠下成功多多的债务清还期限，延期另一年，至2006年8月4日全部清还。

公司于2003年8月14日宣布有意在收到成功置地偿还欠公司间的借款之后，要把任何多余资金分配给股东。董事部要重申这项意愿，在收到成功置地



Dato' Sri Mohd. Najib Abdul Razak handing over the KPMG Shareholder Value Award 2004 for top sectoral winner in the leisure category to Mr. Ng Foo Leong, Executive Director of Berjaya Sports Toto Berhad.

of shares bought back as at 30 April 2005 was 78.6 million. These shares are being held as treasury shares during the financial year ended 30 April 2005.

6. BToto was named top sectoral winner for the leisure category of the KPMG Shareholder Value Award 2004. The award ranked the top 100 Malaysian-listed companies according to value creation to its shareholders using the economic value management methodology. Shareholder value incorporates the three elements of corporate governance, shareholder returns and earnings generated.

## REVIEW OF OPERATIONS

### Malaysia

For the financial year under review, Sports Toto Malaysia Sdn Bhd recorded a revenue of RM2.63 billion, an increase of 8.01% from the previous year's revenue of RM2.43 billion. The higher revenue was attributed to four draws more than the previous financial year as well as increase in sales of the 4-Digit game in the financial year under review.

Pre-tax profit increased by 13.81% to RM491.63 million compared to RM432.11 million in the previous financial year. The higher increase in pre-tax profit compared to the increase in revenue was due to a lower prize payout in the financial year under review.

During the year under review, the company completed the final stage of the implementation of its new on-line system in July 2004 with all 2,500 new sales terminals throughout the country running on a single on-line lottery system. The

year also saw the company being awarded Superbrands status by Superbrands Malaysia. The official Superbrands Gold Seal is now carried on all our point-of-sale materials, which promote Sports Toto products to the market.

On 22 May 2005, the company's Super 6/49 game recorded its highest ever Jackpot prize of RM15.9 million which was won by a single System 8 ticket bought by three lucky ladies collectively.

### The Philippines

For the financial year under review, Prime Gaming Philippines Inc. ("PGPI") reported a revenue of Peso 414.1 million, an increase of 24.4% from the previous year's revenue of Peso 332.9 million. Pre-tax profit increased by 52.9% to Peso 197.7 million compared to Peso 129.3 million in the previous financial year mainly due to the higher revenue recorded by its wholly-owned subsidiary, Philippine Gaming Management Corporation ("PGMC") and higher interest income earned.

PGMC recorded a revenue of Peso 414.1 million, an increase of 24.4% compared to Peso 332.9 million achieved in the previous financial year as a result of the sales contribution from the new EZ2 game launched on 4 July 2004 and higher sales from all lotto games which recorded the highest Jackpots during the year. Pre-tax profit increased by 75.7% to Peso 215.6 million compared to Peso 122.7 million in the previous financial year mainly due to the higher revenue recorded and dividend income from the holding company, PGPI.

A total of 6 games are now being offered in the Philippines namely Lotto 6/42,

the debt after, will allocate the surplus funds out. According to the company's debt and potential expansion calculation, the proposed allocation, estimated at RM0.50 per share (second capital distribution).

4. Company on 25 July 2005 announced, successful acquisition of 2,700,000 shares of FEAB at RM4.18 per share, totaling RM11,286,510 or RM4.18 per share, all sold. This transaction's estimated net proceeds, approximately RM2,442,778,000.
5. In the fiscal year under review, the company repurchased 4,150,000 ordinary shares, totaling RM1,558,300,000, or an average of RM3.81 per share. As at 30 April 2005, the company has repurchased 7,860,000 shares. In the fiscal year under review, these shares are held as treasury shares.
6. Successful acquisition of 2004 KPMG Shareholder Value Award Leisure category. This award recognizes the company's performance in creating shareholder value, ranked by the KPMG Shareholder Value Award methodology. The award is based on three factors: corporate governance, shareholder returns and earnings generated.

## 营运检讨

### 马来西亚

In the fiscal year under review, Sports Toto Malaysia Sdn Bhd recorded a revenue of RM2.63 billion, an increase of 8.01% from the previous year's revenue of RM2.43 billion. The higher revenue was attributed to four draws more than the previous financial year as well as increase in sales of the 4-Digit game in the financial year under review.



# Chairman's Statement



Megalotto 6/45, Superlotto 6/49, 4-Digit, 6-Digit and EZ2. The first draw for the newly launched EZ2 game was held on 5 July 2004. To-date, more than 1,600 terminals have been installed in over 1,100 outlets operating in Luzon Island.

## The United States of America

For the financial year under review, International Lottery & Totalizator Systems, Inc. ("ILTS") reported a revenue of USD9.67 million, a decrease of 10.3% compared to USD10.78 million in the previous financial year. Net loss however decreased from USD1.79 million to USD1.76 million in the financial year under review.

ILTS, a leading supplier of on-line computerized wagering systems has delivered world-class system solutions to 29 customers in 22 countries during its twenty-five years of operation. In 2004, ILTS reached a new milestone by installing systems in Swaziland, Africa, making it the sixth continent in which ILTS technology is used. The company will continue to focus on the refinement of hardware and software solutions to meet rapidly changing requirements in the gaming industry.

## SOCIAL RESPONSIBILITY

On 26 December 2004, the world saw one of the greatest human tragedies caused by an earthquake off the West Coast of Sumatra. The earthquake triggered multiple tsunamis that devastated a number of coastline areas in Indonesia, Sri Lanka, Thailand, Maldives and northern part of Peninsular

Malaysia. Sports Toto Malaysia rose to the occasion by joining hands with thousands of others rallying to render help to the tsunami victims.

A total sum of RM1.5 million was contributed by the company towards a number of relief funds set up to assist those who have lost lives and their livelihood.

During the year, the company continued to contribute generously towards many good causes and charitable institutions including Malaysian Aids Foundation, Hospis Malaysia, St. John Ambulance Malaysia, Tung Shin Hospital, Tabung Kebajikan Kawasan Alor Gajah, Yayasan Budi Penyayang Malaysia, Yayasan



1. Mr. Ng Foo Leong (center) with the Superbrands' representatives at the award presentation of the Superbrands Malaysia 2005 Ceremony.

2. Intellmark Lottery Terminal, one of ILTS' products.

税前盈利提高了13.81%，由上一财政年度的4亿3千2百11万令吉增至4亿9千1百63万令吉。税前盈利比收益增加更高，是由于检讨中的财政年度派出的彩金较少。

在检讨中的财政年内，公司于2004年7月完成推行了最后阶段的新连线系统，令全国各地2,500个新的销售终端机，在单一连线博彩系统下操作。这一年，公司也荣获马来西亚超级品牌机构颁授超级品牌地位。现在，本公司所有售卖点提供资料，都有印上超级品牌金印，在市场上促销多多博彩产品。

2005年5月22日，公司的Super 6/49博彩，创下有史以来最高的积宝奖金1千5百90万令吉，结果由三位幸运女士共同购买的一张System 8票券赢得。

## 菲律宾

在检讨中的财政年度，菲律宾百灵博彩股份有限公司 ("PGPI") 创下4亿1千4百10万比索的收益，比上一年度的收益3亿3千2百90万比索增加了24.4%。税前盈利提高了52.9%，由上一年度的1亿2千9百30万比索增至1亿9千7百70万比索，主要原因是其独资子公司菲律宾博彩管理公司 ("PGMC") 取得更高收益以及赚取更高的利息收入。

PGMC创下了4亿1千4百10万比索的收益，比上一年度的3亿3千2百90万比索提高了24.4%，原因是于2004年7月4日推出的EZ2新博彩，带来销售贡献，同时所有lotto博彩的销量也较前更高。Lotto博彩也在这一年内创下最高的积宝奖金。税前盈利增加了75.7%，由上一财政年度的1亿2千2百70万比索增至2亿1千5百60万比索，原因是控股公司PGPI取得更高收益和股息收入。

菲律宾目前总共提供6种博彩，即Lotto 6/42、Megalotto 6/45、Superlotto 6/49、4D（万字）、6D和EZ2。新推出的EZ2博彩，于2004年7月5日第一次开彩。至今为止，已经装置了超过1,600架终端机，在吕宋岛的1,100多间博彩销售站内操作。

## 美国

在检讨中的财政年度，国际博彩与赛马测彩系统股份有限公司 ("ILTS") 所呈报的收益为9百67万美元，比上一财政年度的1千零78万美元，降低了10.3%。不过，净亏损则比上一财政年度的1百79万美元，降低至1百76万美元。



1. Sports Toto's employees contributed generously to the Tsunami Fund.
2. Ms. Tan Swee Lian of Sports Toto handing over the contribution from Sports Toto's agents to Mr. Chong Cheng Hai, Editor of the Sun while Mr. Ho Kay Tat (left) and Mr. KC Leong of Public Affairs of Sports Toto looks on.
3. Dato' Dr. Ng Yen Yen, Dato' Robin Tan and Mr. Ng Foo Leong at the 2005 Annual Ang Pow donation to the old folks at the Chinese Assembly Hall, Kuala Lumpur.



Tuanku Fauziah, Kiwanis Club of P.J. Persatuan Kanak-Kanak Istimewa Ampang and Yayasan Raja Muda Selangor.

In the promotion of sports and sporting excellence, Sports Toto Malaysia continued to be active in supporting worthy sporting events such as the Malay Mail Big Walk, P.J. Half Marathon, Youth Basketball Championship in Kota Kinabalu, Ipoh International Run, KL Grand Prix – International Horse show,

Chin Woo Walk, Morib Beach Volleyball Carnival, Nanyang Wushu Festival and The International Open Bowling Championship.

In addition to the above, a substantial amount was also allocated to the National Sports Council for the funding of various sporting activities and training of sportsmen and sportswomen.

In keeping with the corporate philosophy of giving something back to society,

ILTS是一间主导的连线电脑赌注系统供应商。这家公司在过去25年的运作中，供应世界级的系统方案给22个国家的29名客户。在2004年，ILTS达到一个新的里程碑，在非洲的Swaziland装置系统，使非洲成为采用ILTS工艺的第六个陆洲。公司将继续集中全力改进硬体和软件方案，以迎合博彩业迅速改变中的需求。

## 社会责任

2004年12月26日，世界见证了苏门答腊西岸地震所造成的人类最大悲剧之一。这场地震，促发多重性的海啸，严重破坏了印尼、斯里兰卡、泰国、马儿代夫的沿海岸区，以及马来西亚半岛的北部。多多博彩马来西亚当仁不让，加入数以千计的其他团体，协力援手救济海啸灾黎。

公司总共捐出马币1百50万令吉给一些为协助失去生命和生计者而设立的救灾基金。

在这一年內，公司继续慷慨乐施，捐助许多义举和慈善机构，包括马来西亚爱滋病基金会、马来西亚临终关怀协会、马来西亚圣约翰救伤队、同善医院、阿罗牙也区福利基金、马来西亚爱心关怀基金、端姑花西雅基金、八打灵再也Kiwanis Club、安邦特殊儿童协会以及雪兰莪拉惹慕达基金。

在促进体育和体育杰出表现方面，多多博彩继续活跃支持值得发扬的体育盛会，如马来邮报竞走、八打灵再也半马来松跑、亚庇青年篮球锦标赛、怡保国际赛跑、吉隆坡国际骑马大赛、精武竞走、摩立海滨排球嘉年华会、南洋武术节和国际保龄球公开锦标赛。

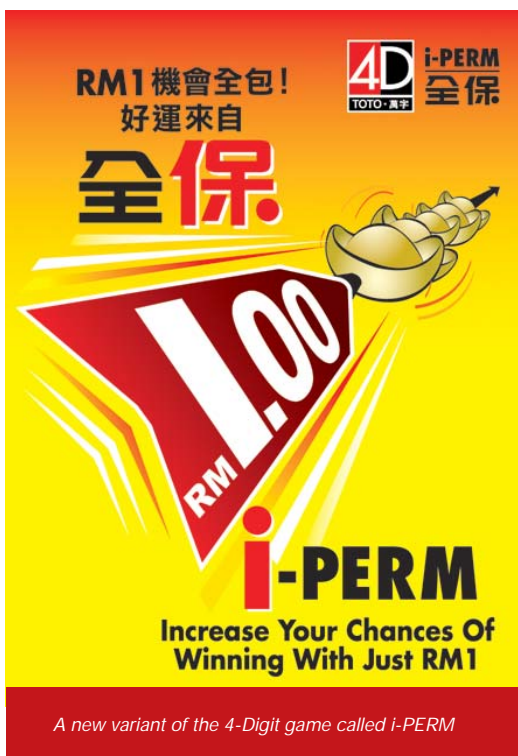
除了上述之外，公司也拨出一大笔款项给国家体育理事会，资助各项体育活动与培训男女运动员。

配合公司取诸社会，回馈社会的理念，多多博彩马来西亚也继续主办协助贫困人士的慈善活动。超过14,000名60岁以上的贫老，已在多多博彩新年红包施赠运动下受惠。在回教斋戒月內，有许多孤儿受邀参加开斋聚会。在开斋节和屠妖节，公司也举办欢庆、施赠食物、礼物和红包给与会者。

## 今后展望

马来西亚合法测字博彩经营者的营运环境，高度受到管制，因为业者是在有关部门所发出的某些明文规定政策和指南下作业。虽然有管制架构，成长的潜能还是很强，原因是

# Chairman's Statement



Sports Toto Malaysia continued to organize charitable activities aimed at helping the poor and the needy. More than 14,000 needy old folk aged 60 years and above have benefited from the annual Sports Toto Chinese New Year Ang Pow Donation campaign. Orphans were invited to the Berbuka Puasa gathering during the month of Ramadan. Festive gatherings were also organized during celebrations of Hari Raya and Deepavali, where participants were given food, gifts and "Ang Pows".

## FUTURE PROSPECTS

The operating environment for legalised number forecast operators in Malaysia is highly regulated as they operate under certain laid down policies and guidelines issued by the relevant Ministry. In spite of the regulatory framework, the potential for growth remains strong as the industry is closely linked to consumer spending patterns and sentiments. As a result, a pick up in discretionary consumer spending will drive the sector forward. The increasing crackdown on illegal number forecast operators by the authorities augurs well for the industry which views the illegal market as its main competitor.

With its extensive network of outlets throughout the country and the broad variety of games offered, opportunities exist for Sports Toto Malaysia to achieve further market penetration and tap the industry's revenue growth potential. Towards this end and after the successful conversion to the new on-line system, the company is now planning to introduce 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. This variation of the game called *i-PERM*, is targeted to be launched in the second quarter of the current financial year. An Account Betting System which will provide additional channels for betting to be made through fixed phones, mobile phones and the internet is also planned to be introduced. The Account Betting System is subject to the approval of the relevant government authority.

In the Philippines, ongoing efforts to introduce additional new games and increase the frequency of draws will increase PGMC's revenue.

## APPRECIATION

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

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

Tan Sri Dato' Thong Yaw Hong  
Chairman  
26 August 2005

这行业与消费人的开销方式和情绪，有密切的关系。所以，一旦消费人任意开销的情况提高，就会推动这行业向前迈进。当局日益捣毁非法测字博彩业者的行动，对于视非法市场为主要竞争者的这一行业，是个好预兆。

凭著全国各地广大的门市网络和所呈献的多类博彩，多多博彩马来西亚有限公司有机会达致进一步的市场渗透，以开拓这一行业的收益成长潜能。在这一方面，随著成功改换了新的连线系统之后，多多博彩马来西亚有限公司如今正计划要推出多花样的万字博彩，让顾客可以最低投注RM1.00，就可对测一组万字号码的所有变化字。这项变更的万字博彩称为*i-PERM*（全保），推出的目标期是本财政年度第二季。公司也计划要推出一项户口投注系统，为顾客提供额外管道，可通过固定电话、流动电话和互联网，投注博彩。户口投注系统尚待有关政府当局批准。

在菲律宾，公司正在致力推出额外的新博彩和增加开彩次数，这将会提高PGMC的收益。

## 申谢

本人谨代表董事部，对管理层、员工和代理商的全心尽力工作，以及所有顾客、股东、业务往来公司、融资机构和政府当局的合作与支持，致以衷心的感谢。

我也要感谢董事部同仁过去一年来的积极参与和指导，并希望他们今后继续给予支持。

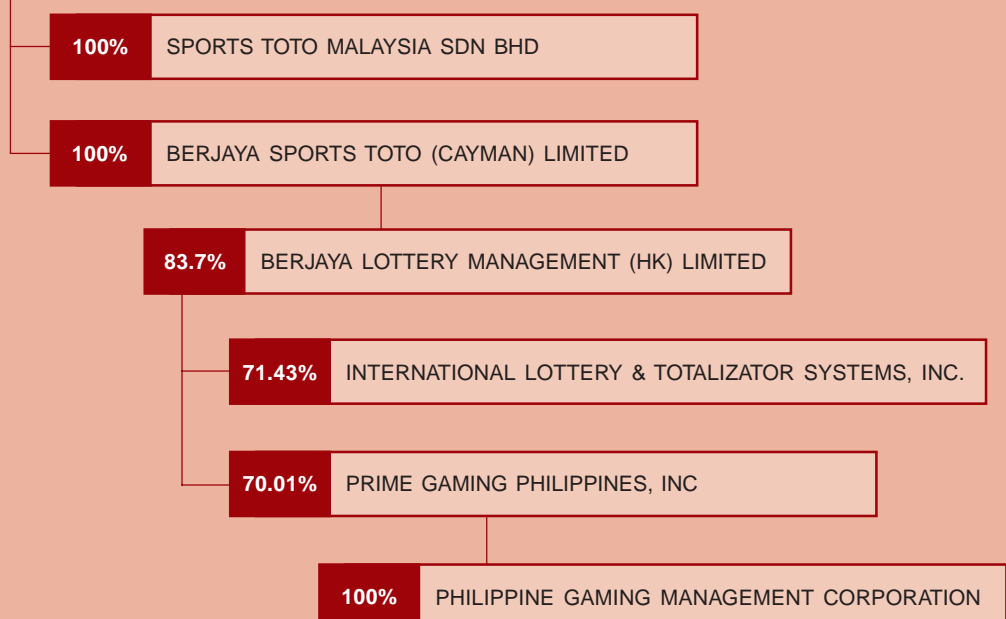
丹斯里拿督汤耀鸿  
主席  
2005年8月26日

# Corporate Structure

of main operating companies as at 26 August 2005



## BERJAYA SPORTS TOTO BERHAD



# Group Financial Summary

Description	2005 US\$'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000
Revenue	702,686	2,670,206	2,477,296	2,205,646	2,294,343	2,333,339	2,339,894
Profit before taxation	128,289	487,497	437,989	393,583	426,235	400,858	384,724
Profit after taxation	86,701	329,463	297,232	261,842	292,670	272,595	231,891
Minority interests	(344)	(1,307)	(159,193)	(4,340)	10,830	11,039	22,583
Profit attributable to shareholders	86,357	328,156	138,039	257,502	303,500	283,634	254,474
Share capital	318,975	1,212,105	1,037,588	801,315	584,878	575,758	575,084
Share premium	78,003	296,411	261,607	192,817	144,180	97,731	94,374
8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS") - equity component	13,762	52,296	133,134	240,702	-	-	-
Reserves	116,699	443,458	366,719	579,248	1,224,696	1,021,525	856,090
Equity Funds	527,439	2,004,270	1,799,048	1,814,082	1,953,754	1,695,014	1,525,548
Treasury shares	(98,307)	(373,568)	(215,258)	(206,089)	(162,993)	(96,358)	(25,744)
Premium over ICULS bought back	(15,093)	(57,355)	(57,355)	(35,348)	-	-	-
Net Equity Funds	414,039	1,573,347	1,526,435	1,572,645	1,790,761	1,598,656	1,499,804
Minority interests	1,955	7,429	8,485	(155,116)	(152,585)	(136,994)	(106,292)
9% Redeemable Convertible Unsecured Loan Stocks 1992/1997	-	-	-	-	-	-	-
Provisions	415,994	1,580,776	1,534,920	1,417,529	1,638,176	1,461,662	1,393,512
Deferred liabilities	585	2,223	1,858	1,816	475	365	300
Deferred tax liabilities	8,517	32,364	31,528	31,117	30,903	32,278	29,939
Deferred tax liabilities	4,489	17,059	11,889	7,488	3,652	4,721	5,936
ICULS - liability component	4,840	18,394	116,865	248,966	-	-	-
Current liabilities	60,368	229,399	423,173	349,292	419,193	485,165	472,487
	<b>494,793</b>	<b>1,880,215</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>
Property, plant & equipment	19,152	72,777	79,453	115,086	123,732	113,937	117,300
Intangible assets	160,374	609,422	619,768	612,801	642,141	644,546	656,545
Investments	18,916	71,882	85,250	14,719	19,894	19,841	15,266
Deferred tax assets	107	407	243	159	-	-	-
Long term receivable	893	3,393	3,504	-	-	-	-
Current assets	295,351	1,122,334	1,332,015	1,313,443	1,306,632	1,205,867	1,113,063
<b>Total Assets</b>	<b>494,793</b>	<b>1,880,215</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>
Net Tangible Assets Per Share (Cents/Sen)	21.2	80.4	77.3	93.8	205.6	171.0	147.4
Net Assets Per Share (Cents/Sen)	35.3	134.2	139.3	173.8	320.6	286.6	262.2
Gross Earnings Per Share (Cents/Sen)	12.7	48.1	32.7	59.8	78.1	72.5	70.7
Net Earnings Per Share (Cents/Sen)	8.6	32.6	16.3	39.9	54.5	50.1	44.5
Dividend Rate - Gross (%)	45	45	28	208#	50	28	25
Net Dividend Amount (US\$'000/RM'000)	90,359	343,365	193,342	958,623	199,972	112,869	102,124

## Note:

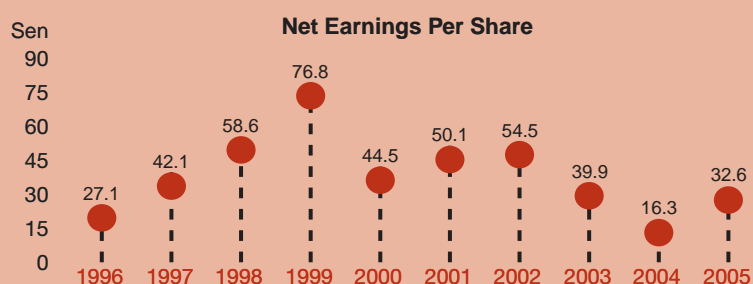
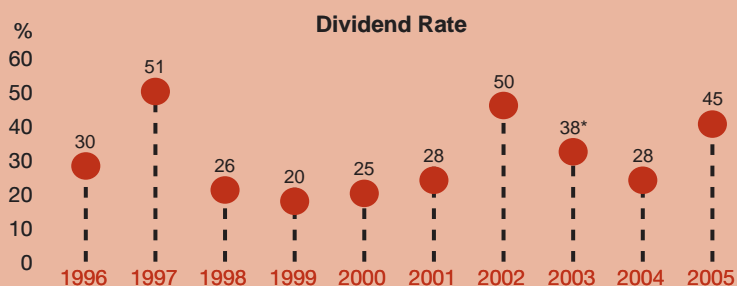
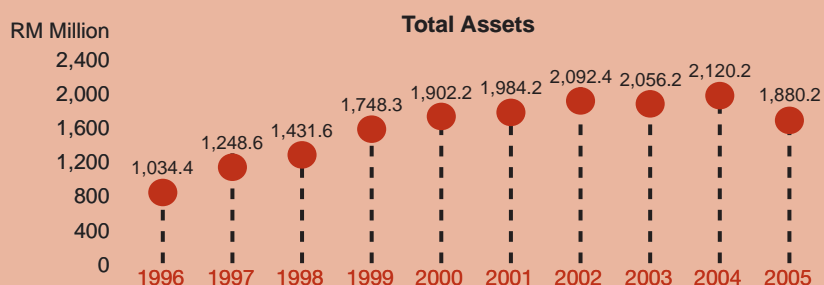
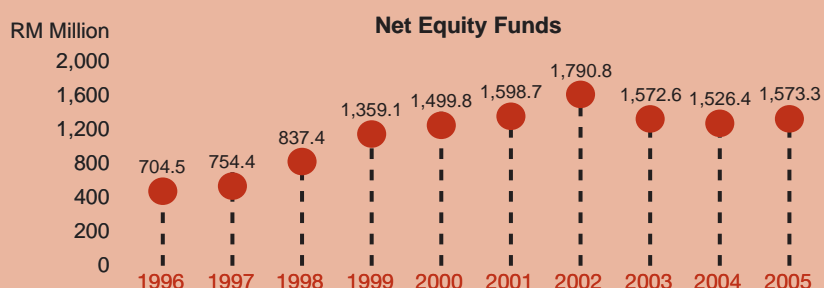
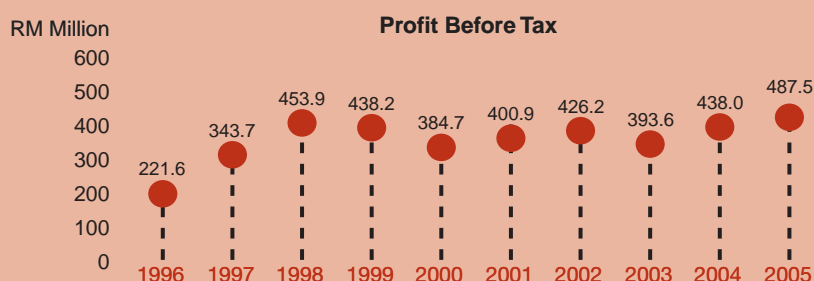
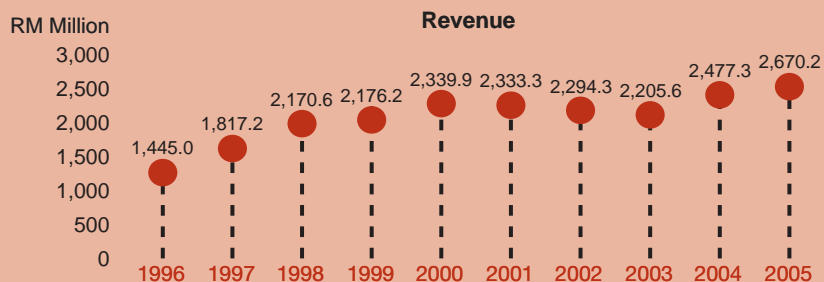
Where additional shares are issued, the earnings per share are calculated on a weighted average number of shares.

Exchange rate: US\$1.00=RM3.80

#This figure includes a special dividend of 170%.

# Group Financial Highlights

1999 RM'000	1998 RM'000	1997 RM'000	1996 RM'000
2,176,183	2,170,569	1,817,207	1,444,973
438,206	453,925	343,691	221,557
439,490	334,400	238,474	150,871
2,637	-	-	-
442,127	334,400	238,323	149,462
572,339	572,322	568,197	561,649
80,704	80,642	76,349	68,860
-	-	-	-
706,073	184,408	109,832	73,950
1,359,116	837,372	754,378	704,459
-	-	-	-
-	-	-	-
1,359,116	837,372	754,378	704,459
(73,948)	-	-	-
-	-	4,515	10,525
1,285,168	837,372	758,893	714,984
308	-	-	-
28,470	26,093	29,353	21,907
7,087	7,087	7,600	6,300
-	-	-	-
427,245	561,050	452,715	291,241
<b>1,748,278</b>	<b>1,431,602</b>	<b>1,248,561</b>	<b>1,034,432</b>
117,752	75,155	44,832	41,218
650,517	547,901	547,901	547,901
53,117	72,335	41,279	39,036
-	-	-	-
-	-	-	-
926,892	736,211	614,549	406,277
<b>1,748,278</b>	<b>1,431,602</b>	<b>1,248,561</b>	<b>1,034,432</b>
123.8	50.6	36.3	27.9
237.5	146.3	132.8	125.4
76.6	79.3	60.7	39.9
76.8	58.6	42.1	27.1
20	26	51	30
82,395	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 2005.

## AUDIT COMMITTEE MEMBERS AND MEETING ATTENDANCES

The members of the Audit Committee comprises the following:-

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

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

Mohamed Saleh Bin Gomu  
*Independent/Non-Executive Director*

The Audit Committee held six (6) meetings during the financial year ended 30 April 2005. The details of attendance of the Audit Committee members are as follows:-

<u>Name</u>	<u>Attendance</u>
Tan Sri Dato' Jaffar Bin Abdul	6/6
Mohamed Saleh Bin Gomu	6/6
Datuk Robert Yong Kuen Loke	6/6

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

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 April 2005, the activities undertaken by the Audit Committee included the following :-

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

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

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

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

During the financial year ended 30 April 2005, the Internal Audit Department carried out a total of 122 audit assignments on STMSB. The areas audited included branch audit of company's sales offices, audit of Head Office operating departments, IT audit and software testing of new on-line gaming systems. Internal audit reports were issued to the Audit Committee and the STMSB management, incorporating audit recommendations and management's responses with regard to any audit findings on the weaknesses in the systems and controls of the operation. The Internal Audit Department also followed up with management on the implementation of the agreed audit recommendations.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 1. Membership

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

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

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

### 2. Chairman

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

### 3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it,

supported by explanatory documentation to the Committee members prior to each meeting.

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

#### **4. Frequency of Meetings**

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

#### **5. Authority**

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

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

#### **6. Duties**

The duties of the Committee shall be:-

- (a) To review and recommend the appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of person or persons as external auditors;
- (b) To discuss with the external auditors where necessary, on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
- (c) To review the quarterly results and year end financial statements prior to the approval by the Board, focusing on:-
  - going concern assumption
  - compliance with accounting standards and regulatory requirements
  - any changes in accounting policies and practices
  - significant issues arising from the audit
  - major judgemental areas
- (d) To prepare Audit Committee Report at the end of each financial year;
- (e) To discuss problems and reservations arising from the interim and final external audits, and any matters the

external auditors may wish to discuss (in the absence of management, where necessary);

- (f) To review the external auditors' management letter and management's response;
- (g) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (h) To do the following in relation to the internal audit function:-
  - review the adequacy of scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
  - review internal audit programme;
  - ensure coordination of external audit with internal audit;
  - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of the staff of the internal audit function;
  - approve any appointment or termination of senior staff member of the internal audit function;
  - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation;
  - to monitor related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report;
  - to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors;
- (i) To carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board of Directors from time to time;
- (j) In compliance with Paragraph 15.17 of the Listing Requirements of BMSB, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to BMSB.

# Statement on Corporate Governance

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

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

## A) DIRECTORS

### i) The Board

The Board is primarily responsible for the strategic direction of the Group. The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. For the financial year ended 30 April 2005, the Board met five (5) times. The record of attendance for the Directors who held office during the said financial year is set out below:-

<u>Directors</u>	<u>Attendance</u>
Tan Sri Dato' Thong Yaw Hong #	5/5
Tan Sri Dato' Seri Vincent Tan Chee Yioun	4/5
Ng Foo Leong	5/5
Dato' Robin Tan Yeong Ching	4/5
Datuk Robert Yong Kuen Loke	5/5
Chan Kien Sing	5/5
Freddie Pang Hock Cheng	4/5
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 3 to Page 7 of the Annual Report.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company and a balanced mix of skills, knowledge, technical and management expertise.

There is a clearly accepted division of responsibilities between the Chairman and Chief Executive Officer to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and standards of conduct. He has authority over the agenda for each Board

meeting to ensure that all Directors are provided with relevant information on a timely basis. The general agenda may include minutes of previous meetings of the Board and its sub-committees, quarterly financial results of the Group, issues requiring the Board's deliberation and approval, reports or briefings on operational and financial issues of major subsidiaries and other ad-hoc reportings.

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

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

### iii) Supply of Information

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

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

### iv) Appointment to the Board

The Nomination Committee currently 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. Pursuant to Practice Note 15/

2003 on the Continuing Education Programme ("CEP"), most of the Directors had attended seminars and courses organised by the relevant regulatory authorities and professional bodies and the majority of the Directors have obtained the requisite CEP points.

In line with the recent amendment to Practice Note 15/2003, the Directors shall be responsible to determine their continuous training needs to keep themselves updated on the relevant regulatory and corporate governance developments.

#### 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.

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		
Fees	52.6	135.0	187.6
Benefits -in-kind	76.2	-	76.2
Salaries and other emoluments	4,359.4	352.6	4,712.0
Performance Incentive*	9,236.0	-	9,236.0
Bonus	693.0	26.0	719.0
	14,417.2	513.6	14,930.8

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:-

		Executive	Non-Executive
RM1 - RM50,000	-	-	2
RM400,001 - RM450,000	-	-	1
RM500,001 - RM550,000	1	-	-
RM600,001 - RM650,000	1	-	-
RM650,001 - RM700,000	2	-	-
RM1,250,001 - RM1,300,000	1	-	-
RM10,650,001 - RM10,700,000*	1	-	-
		6	3

\* The performance incentive is paid to Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") as Managing Director/ Chief Executive Officer of the 100% owned subsidiary, Sports Toto Malaysia Sdn Bhd ("STM") pursuant to the performance incentive scheme that was effective since December 1988. The incentive scheme is calculated at the rate of 2% on the amount of STM's annual audited consolidated net profit before tax and after minority interest that exceeds RM30 million. For the financial year ended 30 April 2005, the total amount paid to TSVT (including contribution to EPF) amounted to RM10.653 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

# Statement on Corporate Governance

shareholders, investors and members of the public to have an overview of the Group's performance and operations.

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

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

Company will continue in business.

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

### iii) Internal Control

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

### iv) Relationship with the auditors

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

# Statement on Internal Control

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

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

The Company has established a Risk Management Committee ("RMC"), formed with the intention to further enhance the Group's system of internal control and be in line with the Malaysian Code of Corporate Governance. The RMC together with the audit committee are entrusted to ensure more effective and efficient identification, evaluation, management and reporting of the Group's risks. The members of the RMC are Tan Sri Dato' Thong Yaw Hong (Chairman), Tan Sri Dato' Jaffar bin Abdul, Mohamed Saleh bin Gomu 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 coordination of assurance activity across the organisation
- To act as steering committee for the group wide risk management programme

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

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

The management of the Group's individual operating units is assigned to local management who are accountable for the conduct and performance of their businesses within the agreed business strategy.

At Sports Toto Malaysia Sdn Bhd, the Group's principal subsidiary company, operations are divided into key regions and areas due to dispersed locations of agents' outlets. Regional and area offices are staffed by experienced personnel to ensure that the operations of outlets are well controlled and in line with the operating procedures.

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

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

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



# Financial Statements

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# Directors' Report

for the year ended 30 April 2005

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 2005.

## PRINCIPAL ACTIVITIES

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

The principal activities of the Group are:

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

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

## RESULTS

	Group RM'000	Company RM'000
Profit after taxation	329,463	341,316
Minority interests	(1,307)	-
Net profit for the year	<u>328,156</u>	<u>341,316</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.

## DIVIDENDS

The amount of dividends paid by the Company since 30 April 2004 were as follows :

	RM'000
<b>In respect of the financial year ended 30 April 2004 as reported in the Directors' Report of that year :</b>	
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
<b>In respect of the financial year ended 30 April 2005 :</b>	
First interim gross dividend of 10 sen per share on 978,980,632 ordinary shares with voting rights, less income tax of 28%, paid on 15 October 2004	70,487
Second interim gross dividend of 8 sen per share on 968,063,886 ordinary shares with voting rights, less income tax of 28%, paid on 13 January 2005	55,760
Third interim gross dividend of 16 sen per share on 1,105,418,263 ordinary shares with voting rights, less income tax of 28%, paid on 5 April 2005	127,344
Fourth interim gross dividend of 11 sen per share on 1,133,504,815 ordinary shares with voting rights, less income tax of 28%, paid on 1 June 2005	89,774
	<u>487,435</u>

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

# Directors' Report

for the year ended 30 April 2005

## DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are :

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

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 28 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965, except as disclosed in Note 37 to the financial statements.

## DIRECTORS' INTERESTS

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

### The Company

	Number of ordinary shares of RM1.00 each			
	At 1.5.04	Acquired	Disposed	At 30.4.05
Tan Sri Dato' Thong Yaw Hong	538,000	-	-	538,000
	200,000*	-	-	200,000*
Tan Sri Dato' Seri Vincent Tan Chee Yioun	30,206,500	28,936,950	-	59,143,450
	397,049,299*	140,712,264	-	537,761,563*
Ng Foo Leong	2,590,000	110,000	-	2,700,000
Dato' Robin Tan Yeong Ching	642,000	20,000	-	662,000
Datuk Robert Yong Kuen Loke	1,666,200	160,000	-	1,826,200
Chan Kien Sing	3,200	-	-	3,200
Freddie Pang Hock Cheng	502,800	10,000	-	512,800
Tan Sri Dato' Jaffar bin Abdul	103,750	-	-	103,750

	Number of RM1.00 nominal value of 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012			
	At 1.5.04	Acquired	Disposed / Converted	At 30.4.05
Tan Sri Dato' Seri Vincent Tan Chee Yioun	34,111,951	-	28,711,950	5,400,001
	254,960,564*	-	140,082,264	114,878,300*

\* Denotes indirect interests

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

**ISSUE OF SHARES AND SHARE BUYBACK**

During the financial year, a total of 174,500,004 (2004 : 218,496,872) new ordinary shares were issued when RM174,500,004 (2004 : RM218,496,872) 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 17,250 (2004 : 4,454,843) new ordinary shares of RM1.00 each were issued via the conversion of RM20,700 (2004 : RM5,345,812) ICULS at the rate of RM1.20 nominal value of ICULS for every one fully paid ordinary share.

The Company also bought back 41,500,000 (2004 : 2,250,000) ordinary shares of RM1.00 each for approximately RM158,310,000 (2004 : RM9,169,000) at an average price of RM3.81 (2004 : RM4.08) 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 37,100,000 shares, the total treasury shares as at 30 April 2005 amounted to 78,600,000 shares. Accordingly, the issued and paid up share capital of the Company with voting rights as at 30 April 2005 was 1,133,504,815 (2004 : 1,000,487,561) shares.

The increase in 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 RM1,212,104,815 (2004 : RM1,037,587,561) (Note 18).

Subsequent to the financial year end and up to the date of this report, the Company had issued 60,067,094 new ordinary shares of RM1.00 each when RM60,067,094 ICULS were converted at the rate of RM1.00 nominal value of ICULS plus RM0.20 in cash for one fully paid ordinary share. A total of 929,691 new ordinary shares of RM1.00 each were issued via the conversion of RM1,115,635 ICULS at the rate of RM1.20 nominal value of ICULS for every one fully paid ordinary share. The Company also bought back additional 6,400,000 ordinary shares of RM1.00 each for approximately RM27,193,074 at an average price of RM4.25 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 85,000,000 shares and the issued and paid-up share capital with voting rights is 1,188,101,600 shares.

**IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS**

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

The principal terms of the ICULS are as follows :

- (a) Conversion rights - the registered holders of the ICULS will have the option at any time during the conversion period to convert the ICULS at the conversion rate into new ordinary shares of RM1.00 each in the Company.
- (b) Conversion price and mode - conversion can be done by surrendering the ICULS with an aggregate nominal value equivalent to the conversion price of RM1.20 per share or by tendering the ICULS at nominal value of RM1.00 each plus RM0.20 in cash.
- (c) Conversion period - the conversion of the ICULS into new ordinary shares of the Company may take place at any time during the tenure of the ICULS.
- (d) The ICULS bear interest at 8% per annum and is payable semi-annually in arrears.
- (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.

**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

# Directors' Report

for the year ended 30 April 2005

## OTHER STATUTORY INFORMATION (CONTINUED)

- (a) (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render :
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts 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 as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

## SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

Subsequent events after balance sheet date are disclosed in Note 41 to the financial statements.

## AUDITORS

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

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

TAN SRI DATO' THONG YAW HONG

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

Kuala Lumpur, Malaysia  
26 August 2005

# 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 31 to 73 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2005 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  
26 August 2005

# 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 31 to 73 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 26 August 2005

}  
}  
}

Datuk Robert Yong Kuen Loke

Before me,

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

# Report Of The Auditors

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

We have audited the accompanying financial statements set out on pages 31 to 73. These financial statements are the responsibility of the Company's Directors.

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

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

In our opinion :

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of :
  - (i) the financial position of the Group and of the Company as at 30 April 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

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

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

ERNST & YOUNG  
AF:0039  
Chartered Accountants

Kua Choo Kai  
2030/03/06 (J)  
Partner

Kuala Lumpur, Malaysia  
26 August 2005

# Balance Sheets

as at 30 April 2005

		GROUP		COMPANY	
	Note	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	72,777	79,453	244	105
Subsidiary companies	4	-	-	605,540	633,227
Associated companies	5	319	5,711	167	167
Long term investments	6	23,522	23,929	-	-
Investment properties	7	48,041	55,610	-	-
Long term receivable	11	3,393	3,504	-	-
Deferred tax assets	8	407	243	-	-
Goodwill on consolidation	9	609,422	619,768	-	-
		757,881	788,218	605,951	633,499
CURRENT ASSETS					
Inventories	10	14,337	18,536	-	-
Receivables	11	68,357	52,168	5,864	6,687
Tax recoverable		2,952	1,647	2,952	1,647
Amounts due from subsidiary companies and affiliated companies	12	693,114	916,292	1,006,074	1,270,472
Deposits with financial institutions	13	323,182	265,401	147,079	112,798
Cash and bank balances	14	20,392	77,971	777	251
		1,122,334	1,332,015	1,162,746	1,391,855
CURRENT LIABILITIES					
Payables	15	194,974	397,629	14,290	173,072
Amounts due to subsidiary companies and affiliated companies	16	1,396	711	92,201	149,503
Short term borrowings	17	3,477	4,997	-	-
Taxation		29,552	19,836	-	-
		229,399	423,173	106,491	322,575
NET CURRENT ASSETS		892,935	908,842	1,056,255	1,069,280
		1,650,816	1,697,060	1,662,206	1,702,779

# Balance Sheets

as at 30 April 2005

		GROUP		COMPANY	
	Note	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
FINANCED BY:					
Share capital	18	1,212,105	1,037,588	1,212,105	1,037,588
Share premium	19	296,411	261,607	296,411	261,607
Exchange reserve	20	1,519	(655)	-	-
ICULS - equity component	21	52,296	133,134	64,570	145,408
Retained earnings	22	441,939	367,374	430,071	342,346
Equity funds		2,004,270	1,799,048	2,003,157	1,786,949
Treasury shares	23	(373,568)	(215,258)	(373,568)	(215,258)
Premium over ICULS bought back	21	(57,355)	(57,355)	-	-
Net equity funds		1,573,347	1,526,435	1,629,589	1,571,691
Minority interests	24	7,429	8,485	-	-
		1,580,776	1,534,920	1,629,589	1,571,691
NON-CURRENT LIABILITIES					
Provisions	25	2,223	1,858	-	-
Deferred liabilities	26	32,364	31,528	-	-
Deferred tax liabilities	8	17,059	11,889	-	-
ICULS - liability component	21	18,394	116,865	32,617	131,088
		70,040	162,140	32,617	131,088
		1,650,816	1,697,060	1,662,206	1,702,779

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

# Income Statements

for the financial year ended 30 April 2005

	Note	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
REVENUE	27	2,670,206	2,477,296	495,417	411,025
COST OF SALES		(1,997,143)	(1,863,984)	-	-
GROSS PROFIT		673,063	613,312	495,417	411,025
Other operating income		5,353	5,042	-	-
Selling and distribution costs		(106,355)	(118,934)	-	-
Administrative and other operating expenses		(102,449)	(95,038)	(4,070)	(84,171)
PROFIT FROM OPERATIONS	28	469,612	404,382	491,347	326,854
Investment related expenses	29	(25,449)	(7,938)	(27,687)	(21,389)
Interest income	30	55,341	62,977	53,219	61,380
Finance costs	31	(10,271)	(21,023)	(25,269)	(39,202)
PROFIT AFTER FINANCE COSTS		489,233	438,398	491,610	327,643
Share of results of associated companies		(1,736)	(409)	-	-
PROFIT BEFORE TAXATION		487,497	437,989	491,610	327,643
Taxation	32	(158,034)	(140,757)	(150,294)	(120,664)
PROFIT AFTER TAXATION		329,463	297,232	341,316	206,979
Minority interests	24	(1,307)	(159,193)	-	-
NET PROFIT FOR THE YEAR		328,156	138,039	341,316	206,979
NET EARNINGS PER SHARE	33				
- Basic (sen)		32.58	16.33		
- Diluted (sen)		29.66	14.24		
NET DIVIDENDS PER SHARE (SEN)	34				
- First interim dividend		7.20	5.76		
- Second interim dividend		5.76	14.40		
- Third interim dividend		11.52	-		
- Fourth interim dividend		7.92	-		

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

# Statement Of Changes In Equity

for the financial year ended 30 April 2005

	Non-distributable						Distributable	
	Share capital RM'000	Treasury shares RM'000	ICULS- equity component RM'000	Premium over ICULS RM'000	Share premium RM'000	Exchange reserve RM'000	Retained earnings RM'000	Total RM'000
GROUP								
As at 1 May 2003	801,315	(206,089)	240,702	(35,348)	192,817	350	578,898	1,572,645
Issue of shares	236,273	-	-	-	68,790	-	-	305,063
ICULS - equity component (Note 21)	-	-	(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)
Treasury shares (Note 23)	-	(9,169)	-	-	-	-	-	(9,169)
As at 30 April 2004	1,037,588	(215,258)	133,134	(57,355)	261,607	(655)	367,374	1,526,435
As at 1 May 2004	1,037,588	(215,258)	133,134	(57,355)	261,607	(655)	367,374	1,526,435
Issue of shares	174,517	-	-	-	34,804	-	-	209,321
ICULS - equity component (Note 21)	-	-	(80,838)	-	-	-	-	(80,838)
Translation difference of foreign subsidiary companies	-	-	-	-	-	2,174	-	2,174
Net profit for the year	-	-	-	-	-	-	328,156	328,156
Dividends	-	-	-	-	-	-	(253,591)	(253,591)
Treasury shares (Note 23)	-	(158,310)	-	-	-	-	-	(158,310)
As at 30 April 2005	1,212,105	(373,568)	52,296	(57,355)	296,411	1,519	441,939	1,573,347

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

	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 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 21)	-	-	(103,684)	-	-	(103,684)
Net profit for the year	-	-	-	-	206,979	206,979
Dividends	-	-	-	-	(349,563)	(349,563)
Treasury shares (Note 23)	-	(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>
As at 1 May 2004	1,037,588	(215,258)	145,408	261,607	342,346	1,571,691
Issue of shares	174,517	-	-	34,804	-	209,321
ICULS - equity component (Note 21)	-	-	(80,838)	-	-	(80,838)
Net profit for the year	-	-	-	-	341,316	341,316
Dividends	-	-	-	-	(253,591)	(253,591)
Treasury shares (Note 23)	-	(158,310)	-	-	-	(158,310)
As at 30 April 2005	<u>1,212,105</u>	<u>(373,568)</u>	<u>64,570</u>	<u>296,411</u>	<u>430,071</u>	<u>1,629,589</u>

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

# Consolidated Cash Flow Statement

for the financial year ended 30 April 2005

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	2,892,608	2,736,405
Payments to prize winners, suppliers and for other operating expenses	(2,020,095)	(1,873,890)
Payments for pool betting duties, gaming tax and other government contributions	(440,618)	(440,627)
Payment of corporate taxes	(144,085)	(128,635)
Other receipts	294	187
Net cash flow generated from operating activities	288,104	293,440
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property, plant and equipment	285	2,121
Acquisition of property, plant and equipment	(12,517)	(35,091)
Acquisition of long term investments, including ICULS bought back by a subsidiary company in previous year	(3,474)	(50,314)
Acquisition of investment properties	(816)	-
Purchase of treasury shares by a subsidiary company	-	(3,367)
Acquisition of investment in associated companies	(152)	(5,500)
Interest received	6,135	4,434
Other receipts arising from investments	1,401	672
Repayment of advances from an affiliated company	272,524	200,437
Repayment of advances from affiliated companies	648	353
Repayment to affiliated companies	(250)	(1,149)
Net cash flow generated from investing activities	263,784	112,596
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	36,063	84,032
Repayment of borrowings	(1,520)	(6,764)
ICULS interest paid	(27,945)	(35,926)
Bank borrowings interest paid	(220)	(262)
Share issuing expenses	(100)	(80)
Dividends paid	(399,957)	(235,072)
Treasury shares acquired	(158,310)	(9,169)
Net cash flow used in financing activities	(551,989)	(203,241)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(101)	202,795
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	343,372	141,146
Effects of exchange rate changes	303	(569)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)</b>	343,574	343,372
<b>Note A Cash and cash equivalents carried forward comprise the following balance sheet amounts :</b>		
Deposits with financial institutions	323,182	265,401
Cash and bank balances	20,392	77,971
	343,574	343,372

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

# Cash Flow Statement

for the financial year ended 30 April 2005

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment for operating expenses	(4,277)	(489)
Payment for corporate tax	(12,972)	(10,661)
Dividend received	356,471	295,709
Net cash flow generated from operating activities	339,222	284,559
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(181)	(71)
Interest received	1,531	601
Repayment from an affiliated company	272,524	200,437
Repayment from other affiliated companies and subsidiary companies	45,603	8,065
Repayment to and advances given to subsidiary companies	(73,115)	(192,142)
Net cash flow generated from investing activities	246,362	16,890
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	36,063	84,032
Interest paid	(30,069)	(37,864)
Dividends paid	(398,361)	(235,072)
Share issuing expenses	(100)	(80)
Treasury shares acquired	(158,310)	(9,169)
Net cash flow used in financing activities	(550,777)	(198,153)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	34,807	103,296
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	113,049	9,753
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)</b>	147,856	113,049
<b>Note A Cash and cash equivalents carried forward comprise the following balance sheet amounts :</b>		
Deposits with financial institutions	147,079	112,798
Cash and bank balances	777	251
	147,856	113,049

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

# Notes To The Financial Statements

30 April 2005

## 1 CORPORATE INFORMATION

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

The principal activities of the Group are :

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 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 783 (2004 : 945) and 22 (2004 : 22) respectively.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 26 August 2005.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

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

### (b) Basis of consolidation

#### (i) Subsidiary companies

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

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

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

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

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

**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.

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

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

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

**(c) Goodwill**

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

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

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

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

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

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

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

During the current financial year, a subsidiary company changed the annual depreciation rates for office equipment, furniture and fittings from 5% - 20% to 10% - 50% and computer equipment from 10% - 20% to 10% - 25% so as to better reflect their useful lives. The effect on the financial statements of this change is not material.

**(e) Investment properties**

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

# Notes To The Financial Statements

30 April 2005

## 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 using the first-in first-out basis, the weighted average cost method, or by specific identification. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

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

### (g) Investments in subsidiary and associated companies

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

### (h) Income tax

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

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

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

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

### (i) Foreign currencies

#### (i) Transactions in foreign currencies

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

#### (ii) Foreign operations

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

#### (iii) Translation of foreign entities

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

**2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Foreign currencies (continued)****(iii) Translation of foreign entities (continued)**

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

	30.4.2005 RM	30.4.2004 RM
1 United States Dollar	3.8000	3.8000
1 Hong Kong Dollar	0.4873	0.4872
1 Philippine Peso	0.0700	0.0679

**(j) Provisions for liabilities**

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

The Group gives 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.

**(k) Impairment of assets**

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

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

**(l) Employee Benefits****(i) Short term benefits**

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

**(ii) Defined contribution plans**

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

**(m) Research and development costs**

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

**(n) Cash and cash equivalents**

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

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

# Notes To The Financial Statements

30 April 2005

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Financial instruments

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

#### (i) Non-current investments

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

#### (ii) Receivables

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

#### (iii) Payables

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

#### (iv) Interest-bearing borrowings

Interest-bearing bank loans are 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 presented as a deduction from equity fund. Treasury shares are accounted for on the cost method. Should such shares be cancelled, their nominal amounts will be eliminated, and the differences between the cost and nominal amounts will be taken to reserves as appropriate. No gain or loss is recognised in the income statement on the sale, reissuance or cancellation of treasury shares.

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

#### (vi) ICULS

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

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

#### (p) Operating leases

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

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Revenue recognition

#### (i) Gaming activities

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

#### (ii) Investment income

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

Dividend income from other investments is recognised on receipt basis.

#### (iii) Lottery equipment lease rental

Revenue from the lease of lottery equipment is recognised either based on the higher of minimum lease payments or certain 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 reasonably assured, are being recorded under the cost recovery method.

#### (vi) Development properties

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

#### (vii) Other income

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

### (r) Segmental reporting

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

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

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

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

# Notes To The Financial Statements

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## 3 PROPERTY, PLANT AND EQUIPMENT

### GROUP

	Net book value as at 1 May 2004 RM'000	Additions RM'000	Disposals RM'000	Reversal of impairment losses RM'000	Write-off RM'000	Reclassi- fications RM'000	Translation exchange differences RM'000	Depre- ciation RM'000	Net book value as at 30 April 2005 RM'000
Freehold land and buildings	5,218	-	-	-	-	-	-	(124)	5,094
Long leasehold land	2,821	-	-	-	-	-	-	-	2,821
Long leasehold land and buildings	847	-	-	121	-	-	(4)	(28)	936
Plant and machinery	427	53	-	-	-	99	(5)	(277)	297
Computer equipment	52,971	1,140	(94)	-	(4,736)	5,131	118	(9,453)	45,077
Office equipment	1,561	501	(31)	-	(119)	907	(7)	(414)	2,398
Furniture and fittings	663	133	-	-	(1)	-	(3)	(117)	675
Motor vehicles	8,278	6,209	(1)	-	(3)	-	15	(3,393)	11,105
Renovations	5,860	167	-	-	(9)	(1,077)	(2)	(565)	4,374
Capital work-in-progress	807	4,314	-	-	-	(5,121)	-	-	-
	<u>79,453</u>	<u>12,517</u>	<u>(126)</u>	<u>121</u>	<u>(4,868)</u>	<u>(61)</u>	<u>112</u>	<u>(14,371)</u>	<u>72,777</u>

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Net book value RM'000
<b>As at 30 April 2005</b>				
Freehold land and buildings	6,171	(1,077)	-	5,094
Long leasehold land	2,845	(24)	-	2,821
Long leasehold land and buildings	1,390	(280)	(174)	936
Plant and machinery	3,371	(3,074)	-	297
Computer equipment	99,634	(54,557)	-	45,077
Office equipment	8,236	(5,838)	-	2,398
Furniture and fittings	1,696	(1,021)	-	675
Motor vehicles	26,644	(15,539)	-	11,105
Renovations	6,619	(2,245)	-	4,374
	<u>156,606</u>	<u>(83,655)</u>	<u>(174)</u>	<u>72,777</u>

<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	(253)	(295)	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>(105,217)</u>	<u>(295)</u>	<u>79,453</u>

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

The title of the freehold land and building of a subsidiary company with a carrying amount of RM428,000 (2004 : RM439,000) is in the process of being transferred to the subsidiary company.

### 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### COMPANY

	Net book value as at 1 May 2004 RM'000	Additions RM'000	Depre- ciation RM'000	Net book value as at 30 April 2005 RM'000
Computer equipment	92	11	(11)	92
Office equipment	8	-	(2)	6
Furniture and fittings	5	-	(1)	4
Motor vehicles	-	170	(28)	142
	<u>105</u>	<u>181</u>	<u>(42)</u>	<u>244</u>
		Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>As at 30 April 2005</b>				
Computer equipment		160	(68)	92
Office equipment		54	(48)	6
Furniture and fittings		13	(9)	4
Motor vehicles		172	(30)	142
		<u>399</u>	<u>(155)</u>	<u>244</u>
<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>

### 4 SUBSIDIARY COMPANIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost less written down value	654,616	654,616
Less : Accumulated impairment losses	<u>(49,076)</u>	<u>(21,389)</u>
	<u>605,540</u>	<u>633,227</u>

# Notes To The Financial Statements

30 April 2005

## 4 SUBSIDIARY COMPANIES (CONTINUED)

The details of the subsidiary companies are as follows :

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2005 %	2004 %
Subsidiary companies of Berjaya Sports Toto Berhad				
FEAB Properties Sdn Bhd	Malaysia	Property investment and development and investment holding	100	100
FEAB Land Sdn Bhd	Malaysia	Property development	100	100
FEAB Equities Sdn Bhd	Malaysia	Dormant	100	100
Berjaya Wellesley Hotel Sdn Bhd	Malaysia	Dormant	100	100
STM Resort Sdn Bhd	Malaysia	Property investment	100	100
Sports Toto Malaysia Sdn Bhd	Malaysia	Toto betting operations	100	100
Magna Mahsuri Sdn Bhd	Malaysia	Property investment	100	100
Berjaya Sports Toto (Cayman) Limited	Cayman Islands	Investment holding	100	100
Subsidiary company of FEAB Land Sdn Bhd				
FEAB Realty Sdn Bhd	Malaysia	Dormant	100	100
Subsidiary companies of Sports Toto Malaysia Sdn Bhd				
Sports Toto Products Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Apparel Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Computer Sdn Bhd	Malaysia	Dormant	100	100
Subsidiary company of Berjaya Sports Toto (Cayman) Limited				
Berjaya Lottery Management (HK) Limited *	Hong Kong	Investment holding	83.7	51.5
Subsidiary companies of Berjaya Lottery Management (HK) Limited				
Prime Gaming Philippines, Inc.*	Philippines	Investment holding	70.01	70.01
International Lottery & Totalizator Systems, Inc. *	United States of America	Manufacturer and distributor of computerised lottery systems	71.43	71.43
Subsidiary company of Prime Gaming Philippines, Inc				
Philippine Gaming Management Corporation *	Philippines	Leasing of on-line lottery equipment	100	100

#### 4 SUBSIDIARY COMPANIES (CONTINUED)

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2005 %	2004 %
Subsidiary companies of International Lottery & Totalizator Systems, Inc.				
ILTS UK Limited * #	United Kingdom	Dormant	-	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

# Dissolved with effect from financial year ended 30 April 2005

#### 5 ASSOCIATED COMPANIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unquoted shares, at cost less written down value	7,580	7,880	167	167
Less : Share of post-acquisition losses	(3,905)	(2,169)	-	-
	3,675	5,711	167	167
Less : Impairment loss	(3,356)	-	-	-
	319	5,711	167	167

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

	Group	
	2005 RM'000	2004 RM'000
Share of net tangible assets	290	605
Premium on acquisition	29	5,106
	319	5,711

# Notes To The Financial Statements

30 April 2005

## 5 ASSOCIATED COMPANIES (CONTINUED)

The details of the associated companies are as follows :

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2005 %	2004 %
Associated company of Berjaya Sports Toto Berhad				
Berjaya Racing Management Sdn Bhd	Malaysia	Dormant	20	20
Associated company of Berjaya Sports Toto (Cayman) Limited				
Suncoast Limited *	British Virgin Islands	Dormant	48	48
Associated company of FEAB Properties Sdn Bhd				
Cashsystems Asia Technology Sdn Bhd (formerly known as Astral Panorama Technologies Sdn Bhd) *	Malaysia	Research and development of multiple banknote authentication technology based devices	30	30
Associated company of Prime Gaming Philippines, Inc.				
PGMC Marketing Corporation *	Philippines	Dormant	35	-

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

## 6 LONG TERM INVESTMENTS

	Group	
	2005 RM'000	2004 RM'000
<b>At cost less written down value :</b>		
Quoted shares - in Malaysia	28,164	19,733
- outside Malaysia	1,820	1,775
Quoted loan stocks in Malaysia	570	554
Unquoted shares	433	5,700
Unquoted loan stocks	696	-
	31,683	27,762
<b>At cost less amortisation :</b>		
Malaysian Government Securities	3,427	3,427
Less : Cumulative amortisation of premium	(223)	(166)
	3,204	3,261
Club memberships	34,887	31,023
	628	628
Subtotal carried forward	35,515	31,651

**6 LONG TERM INVESTMENTS (CONTINUED)**

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>
Subtotal brought forward	35,515	31,651
Less : Provision for diminution in value :		
Quoted shares - in Malaysia	(11,449)	(2,030)
- outside Malaysia	(304)	(722)
Quoted loan stocks in Malaysia	(240)	(95)
Unquoted shares in Malaysia	-	(4,875)
	<u>23,522</u>	<u>23,929</u>
<b>At market value:</b>		
Quoted shares - in Malaysia	16,715	17,702
- outside Malaysia	1,592	1,056
Quoted loan stocks in Malaysia	330	459
Malaysian Government Securities	<u>3,311</u>	<u>3,305</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 and yield interest at 6.45% (2004 : 6.45%) per annum.

Included in quoted shares are a certain quantum of shares of an associate of an affiliated company that was received on settlement of the contingent asset as disclosed in Note 35.

During the financial year, there was a write off in investment in unquoted shares in Malaysia of RM5,267,000 (2004 : nil).

**7 INVESTMENT PROPERTIES**

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land and buildings, at cost	3,342	3,334
Long leasehold land, at cost	808	-
Freehold office premise, at cost	<u>45,752</u>	<u>53,030</u>
	49,902	56,364
Less: Accumulated impairment losses	<u>(1,861)</u>	<u>(754)</u>
	<u>48,041</u>	<u>55,610</u>
Fair value of investment properties estimated by the Directors	<u>57,660</u>	<u>57,745</u>

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

The application for the strata title of the office premise of a subsidiary company has been submitted to the relevant authority for processing.

During the financial year, a subsidiary company received a liquidated ascertained damages ("LAD") compensation amounting to RM7,278,000. The LAD compensation received was treated as a discount on the cost of investment property.

# Notes To The Financial Statements

30 April 2005

## 8 DEFERRED TAX (ASSETS) / LIABILITIES

	Group	
	2005 RM'000	2004 RM'000
At 1 May	11,646	7,329
Recognised in the income statement (Note 32)	5,006	4,317
At 30 April	16,652	11,646
Presented after appropriate offsetting as follows :		
Deferred tax assets	(407)	(243)
Deferred tax liabilities	17,059	11,889
	16,652	11,646

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

### Deferred Tax Assets of the Group :

	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
<b>2005</b>			
Retirement cost obligation	189	81	270
Accrued management fees	102	31	133
Unrealised foreign exchange	(48)	52	4
Payables	-	398	398
Tax losses and unabsorbed capital allowances	-	74	74
	243	636	879
Less : set off against deferred tax liabilities			(472)
			407
<b>2004</b>			
Retirement cost obligation	151	38	189
Accrued management fees	-	102	102
Unrealised foreign exchange	8	(56)	(48)
	159	84	243

### Deferred Tax Liabilities of the Group :

	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
<b>2005</b>			
Accelerated capital allowances	11,889	4,443	16,332
Receivables	-	1,156	1,156
Inventories	-	43	43
	11,889	5,642	17,531
Less : set-off against deferred tax assets			(472)
			17,059
<b>2004</b>			
Accelerated capital allowances	7,488	4,401	11,889

## 8 DEFERRED TAX (ASSETS) / LIABILITIES (CONTINUED)

### Deferred Tax of the Company :

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

	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
<b>2004</b>			
Deferred tax assets :			
- Other payables	-	5	5
- Unabsorbed capital allowances	2	13	15
	2	18	20
Deferred tax liability :			
- Accelerated capital allowances	2	18	20

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unutilised tax losses				
- Malaysian income tax	27,101	27,127	17,277	17,277
- foreign tax	41,002	33,801	-	-
Unabsorbed capital allowances	593	623	435	464
	68,696	61,551	17,712	17,741

Subject to the agreement by the Inland Revenue Board, the Malaysian unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future business profits of the Group and of the Company. The foreign unutilised tax losses is applicable to a foreign subsidiary company which is pre-determined by the tax legislations of that country.

# Notes To The Financial Statements

30 April 2005

## 9 GOODWILL ON CONSOLIDATION

	Group	
	2005 RM'000	2004 RM'000
<b>At carrying amount :</b>		
At 1 May	619,768	612,798
Less : Impairment losses	(11,000)	(215)
Translation exchange differences	654	(1,426)
Add : Goodwill understated in prior years	-	8,611
	<u>609,422</u>	<u>619,768</u>
At 30 April	609,422	619,768

## 10 INVENTORIES

	Group	
	2005 RM'000	2004 RM'000
<b>At cost :</b>		
Gaming equipment components and parts	970	1,266
Ticket inventories	2,408	2,326
Finished goods and inventories for resale	566	-
Work-in-progress	467	1,315
Completed properties	1,251	2,381
	<u>5,662</u>	<u>7,288</u>
At net realisable value :		
Raw materials	8,675	11,248
	<u>14,337</u>	<u>18,536</u>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM29,563,000 (2004 : RM33,879,000).

In the current financial year, there was a write-down of inventories amounting to RM340,000 (2004 : nil) which arose from completed properties which were destroyed and damaged by fire. The amount recoverable from the insurance company is disclosed in Note 28.

During the year, the Group wrote back RM110,000 (2004 : Nil) of obsolete inventories.

## 11 RECEIVABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables	27,470	21,078	-	-
Other receivables	16,767	18,402	5,777	6,600
Prepayments	22,508	11,305	1	1
Deposits	1,612	1,383	86	86
	<u>68,357</u>	<u>52,168</u>	<u>5,864</u>	<u>6,687</u>

**11 RECEIVABLES (CONTINUED)**

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 RM3,393,000 (2004 : RM3,504,000) which is classified as long term receivable and repayment is on instalment basis.

Included in other receivables of the Group are amounts receivable from sale of long term investments in prior years, and guarantee fees receivable from affiliated companies amounting to RM3,323,000 (2004 : RM2,969,000).

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

- a trade debtor of a foreign subsidiary company that constitutes 26% (2004 : 82%) of the Group's long term and short term trade receivables; and
- an amount due from a single debtor which constitutes 55% (2004 : 50%) of the Group's other receivables.

**12 AMOUNTS DUE FROM SUBSIDIARY COMPANIES AND AFFILIATED COMPANIES**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Amounts due from:				
Affiliated companies	693,114	916,292	692,923	916,223
Subsidiary companies	-	-	313,151	435,376
Less : Provision for doubtful debts	-	-	-	(81,127)
	-	-	313,151	354,249
	<u>693,114</u>	<u>916,292</u>	<u>1,006,074</u>	<u>1,270,472</u>

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% (2004 : 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. Subsequent to the financial year ended 30 April 2005, the Company has received a letter from BLB requesting for the extension of time for settlement of the inter-company advances to 4 August 2006 as disclosed in Note 40(a) and the Board of Directors of the Company has agreed to the proposed extension. The Company continues to classify this amount under current asset after taking into consideration the announcement made by Intan Utilities Berhad on its proposed acquisition of 320 million shares in the Company from BLB, which is envisaged to be completed before the end of financial year ending 30 April 2006.

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

# Notes To The Financial Statements

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## 13 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
These comprise term deposits with :				
Licensed banks	142,075	140,640	107,018	112,798
Licensed finance companies	141,046	124,761	-	-
Other financial institutions	40,061	-	40,061	-
	<u>323,182</u>	<u>265,401</u>	<u>147,079</u>	<u>112,798</u>

Included in the Group's deposits with financial institutions is an amount of RM82,000 (2004 : 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	
	2005	2004	2005	2004
Licensed banks	2.57%	2.78%	2.35%	2.43%
Licensed finance companies	2.72%	2.80%	-	-
Other financial institutions	2.65%	-	2.65%	-

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

	Group		Company	
	2005	2004	2005	2004
Licensed banks	10 days	21 days	5 days	4 days
Licensed finance companies	37 days	30 days	-	-
Other financial institutions	7 days	-	7 days	-

## 14 CASH AND BANK BALANCES

Included in the cash and bank balances of the Group in previous year was cash at bank held under the Housing Development Account of RM1,293,000 pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

## 15 PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	34,566	28,401	-	-
Pool betting duty payables	13,803	12,988	-	-
Other payables	4,601	10,903	195	403
Dividend payables	3,086	147,856	3,086	147,880
Accruals	131,007	183,937	3,098	11,245
ICULS liability component (Note 21)	7,911	13,544	7,911	13,544
	<u>194,974</u>	<u>397,629</u>	<u>14,290</u>	<u>173,072</u>

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

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

**16 AMOUNTS DUE TO SUBSIDIARY COMPANIES AND AFFILIATED COMPANIES**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amounts due to :				
Subsidiary companies	-	-	91,976	149,503
Affiliated companies	1,396	711	225	-
	<u>1,396</u>	<u>711</u>	<u>92,201</u>	<u>149,503</u>

The affiliated companies are as defined in Note 12.

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

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

**17 SHORTTERM BORROWINGS**

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>
Term loan, secured	<u>3,477</u>	<u>4,997</u>

The term loan facility is secured by certain quoted shares belonging to an affiliated company.

The term loan bears interest at weighted effective rate of 5.49% (2004 : 4.83%) per annum.

**18 SHARE CAPITAL**

	<b>Group and Company</b>			
	<b>Number of ordinary shares of RM1.00 each</b>		<b>Amount</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>Units '000</b>	<b>Units '000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised:</b>				
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>
<b>Issued and fully paid:</b>				
At 1 May	1,037,588	801,315	1,037,588	801,315
Issued pursuant to Employees' Share Option Scheme	-	13,321	-	13,321
Issued pursuant to conversion of ICULS	<u>174,517</u>	<u>222,952</u>	<u>174,517</u>	<u>222,952</u>
At 30 April	<u>1,212,105</u>	<u>1,037,588</u>	<u>1,212,105</u>	<u>1,037,588</u>

# Notes To The Financial Statements

30 April 2005

## 18 SHARE CAPITAL (CONTINUED)

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

	Number of ordinary shares of RM1.00 each	
	2005	2004
	Units '000	Units '000
Total number of issued and paid up ordinary shares	1,212,105	1,037,588
Less : Ordinary shares held as treasury shares (Note 23)	(78,600)	(37,100)
	<u>1,133,505</u>	<u>1,000,488</u>

## 19 SHARE PREMIUM

	Group and Company	
	2005	2004
	RM'000	RM'000
<u>Non-distributable</u>		
At 1 May	261,607	192,817
Arising from shares issued pursuant to Employees' Share Option Scheme	-	24,200
Conversion of ICULS	34,904	44,590
Less : Share issuing expenses	(100)	-
At 30 April	<u>296,411</u>	<u>261,607</u>

## 20 EXCHANGE RESERVE

	Group	
	2005	2004
	RM'000	RM'000
<u>Non-distributable</u>		
At 1 May	(655)	350
Current year translation of net assets in foreign subsidiary companies	2,174	(1,005)
At 30 April	<u>1,519</u>	<u>(655)</u>

## 21 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

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

The principal terms of the ICULS are as follows :

- 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.

**21 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.

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 cumulative of RM26,497,500 (2004 : RM26,497,500) nominal value of ICULS from the open market for a total consideration of approximately RM83,852,000 (2004 : RM83,852,000). 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 (2004 : RM57,355,000) is accounted for as premium over ICULS bought back.

Subsequent to the financial year end and up to the date of this report, the wholly-owned subsidiary company had acquired additional ICULS amounting to RM1,375,600 nominal value from the open market for a total consideration of approximately RM5.874 million.

Subsequently, the wholly owned subsidiary company disposed of the entire RM27,873,100 nominal value of ICULS that were held as treasury ICULS for a total gross cash consideration of RM116.510 million or at RM4.18 per ICULS via placements on 22 and 25 July 2005.

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)
<b>Balance as at 30 April 2004</b>	<b>133,134</b>	<b>130,409</b>	<b>263,543</b>
Conversion of ICULS into ordinary shares	(80,838)	(93,683)	(174,521)
Extinguished during the year	-	(10,421)	(10,421)
<b>Balance as at 30 April 2005</b>	<b>52,296</b>	<b>26,305</b>	<b>78,601</b>

# Notes To The Financial Statements

30 April 2005

## 21 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONTINUED)

	Equity component RM'000	Liability component RM'000	Total RM'000
<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)
<b>Balance as at 30 April 2004</b>	145,408	144,632	290,040
Conversion of ICULS into ordinary shares	(80,838)	(93,683)	(174,521)
Extinguished during the year	-	(10,421)	(10,421)
<b>Balance as at 30 April 2005</b>	64,570	40,528	105,098

The outstanding ICULS at Company level are as follows :

	<b>Company</b>	
	2005 RM'000	2004 RM'000
Equity component	64,570	145,408
Liability component	40,528	144,632
	105,098	290,040
Accumulated liability component of ICULS extinguished	34,310	23,889
Total nominal value of ICULS outstanding at 30 April	139,408	313,929

The liability component is further analysed as follows :

	<b>Group</b>		<b>Company</b>	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Payable within next 12 months and classified under other payables (Note 15)	7,911	13,544	7,911	13,544
Payable after 12 months	18,394	116,865	32,617	131,088
	26,305	130,409	40,528	144,632

## 22 RETAINED EARNINGS

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account balance under the Income Tax (Amendment) Act, 1999 to frank the payment of dividends out of its entire retained earnings. The Section 108 tax credits and tax exempt account balance are approximately RM225,957,000 (2004 : RM169,930,000) and RM91,871,000 (2004 : RM91,871,000) respectively as at balance sheet date.

## 23 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2005	2004	2005	2004
	Units '000	Units '000	RM'000	RM'000
At 1 May	37,100	34,850	215,258	206,089
Shares bought back during the year	41,500	2,250	158,310	9,169
At 30 April	78,600	37,100	373,568	215,258

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

The renewal of the Company's plan and mandate relating to the share buy back was approved by the shareholders of the Company on 19 October 2004 granting the Directors of the Company the authority to buy back its own shares up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buyback can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company bought back 41,500,000 (2004 : 2,250,000) shares of RM1.00 each from the open market and at an average price of RM3.81 (2004 : RM4.08) for approximately RM158,310,000 (2004 : RM9,169,000) 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		
June 2004	3.70	3.83	3.77	7,148	26,920
July 2004	3.81	3.90	3.89	3,352	13,033
August 2004	3.35	3.64	3.47	8,650	29,996
September 2004	3.81	3.91	3.88	2,750	10,680
October 2004	3.85	3.96	3.91	12,600	49,256
January 2005	3.99	4.00	4.00	1,509	6,052
February 2005	4.01	4.11	4.07	5,491	22,373
				41,500	158,310

## 24 MINORITY INTERESTS

The minority interests reflect the minorities of Berjaya Lottery Management (HK) Limited ("BLM") subsidiaries' share of the post acquisition net assets of their acquiree from acquisition date. The minority interests of BLM was restricted after the write off of the minority interest debit balance in the previous financial year.

# Notes To The Financial Statements

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## 25 PROVISIONS

	Group	
	2005 RM'000	2004 RM'000
<b>Retirement benefits</b>		
At 1 May	588	501
Additional provision during the year	285	114
Exchange differences	(102)	(27)
At 30 April	771	588
<b>Sales warranty</b>		
At 1 May	1,270	1,315
Additional provision during the year	782	494
Incurred during the year	(528)	(498)
Exchange differences	(72)	(41)
At 30 April	1,452	1,270
Total	2,223	1,858

## 26 DEFERRED LIABILITIES

	Group	
	2005 RM'000	2004 RM'000
Agency deposits	32,364	31,528

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

## 27 REVENUE

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

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

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Dividend income from a subsidiary company	-	-	495,099	410,707
Management fee income	-	-	318	318
Toto betting operations	2,654,850	2,454,702	-	-
Sale of lottery systems and spare parts	14,549	21,592	-	-
Sale of completed properties	807	1,002	-	-
	2,670,206	2,477,296	495,417	411,025

## 28 PROFIT FROM OPERATIONS

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<b>Profit from operations is stated after charging :</b>				
Auditors' remuneration				
- statutory audit :				
auditors of the Company				
- current year	116	107	37	34
- under provision in previous year	8	-	3	-
other auditors				
- current year	314	318	-	-
- under provision in previous year	34	171	-	-
- other services				
- auditors of the Company	28	-	28	-
- other auditors	160	319	-	-
Depreciation of property, plant and equipment	14,371	15,902	42	12
Amortisation of intangible asset	-	3	-	-
Directors' remuneration				
- fees	283	272	135	135
- salaries and other emoluments	5,496	4,113	12	10
- performance incentive	9,236	8,020	-	-
- bonus	719	566	-	-
Management fees payable to an affiliated company	720	720	720	720
Rent of premises	6,530	5,877	708	708
Rent of equipment	1,036	1,044	-	-
Contribution to National Sports Council	54,626	47,887	-	-
Bad debts written off	566	294	-	-
Research and development costs	5,886	7,342	-	-
Loss on foreign exchange - unrealised	57	171	-	-
Amortisation of premium on Malaysian Government Securities	57	57	-	-
Loss on foreign exchange - realised	95	118	-	-
Provision for doubtful debts due from a subsidiary company	-	-	-	81,127
Inventory written off	340	-	-	-
Provision for inventory obsolescence	384	163	-	-
Property, plant and equipment written off	4,868	106	-	-
<b>And crediting :</b>				
Management fees receivable from subsidiary companies	-	-	318	318
Insurance claim	340	-	-	-
Gain on disposal of property, plant and equipment	159	759	-	-
Rental income	3,506	3,128	-	-
Net reversal of impairment losses on property, plant and equipment	121	-	-	-
Write back of provision for doubtful debts	-	661	-	-
Write back of provision for inventory obsolescence	110	-	-	-
Gain on foreign exchange-realised	258	4	-	-
Gain on foreign exchange-unrealised	42	403	-	-
Employee information (Note b) :				
Staff costs (excluding directors)	52,366	50,623	856	723

The estimated monetary value of benefits-in-kind received by the Directors is RM76,000 (2004 : RM57,000) for the Group.

# Notes To The Financial Statements

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## 28 PROFIT FROM OPERATIONS (CONTINUED)

### (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>2005</b>						
Executive	53	76	4,359	9,236	693	14,417
Non-executive	135	-	353	-	26	514
	<u>188</u>	<u>76</u>	<u>4,712</u>	<u>9,236</u>	<u>719</u>	<u>14,931</u>
<b>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) Staff costs

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Wages, salaries and other allowances	41,194	40,878	643	544
Social security costs and employee insurance	2,044	1,310	85	48
Bonuses	3,384	4,378	49	45
Pension costs				
- defined contribution plans	5,548	3,249	78	67
Provision for short term compensated absences	196	808	1	19
	<u>52,366</u>	<u>50,623</u>	<u>856</u>	<u>723</u>

## 29 INVESTMENT RELATED EXPENSES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Impairment in value of :				
- goodwill in subsidiary companies	11,000	215	-	-
- investment in a subsidiary company	-	-	27,687	21,389
- investment in an associated company	3,356	-	-	-
- investment property	1,107	-	-	-
Write down in value of investment in an associated company	452	-	-	-
Provision for diminution in value of quoted investments	9,564	7,723	-	-
Write down in value of unquoted investment	392	-	-	-
Reversal of impairment loss on quoted investments outside Malaysia	(422)	-	-	-
	<u>25,449</u>	<u>7,938</u>	<u>27,687</u>	<u>21,389</u>

**30 INTEREST INCOME**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest on :				
- deposits	6,040	4,323	1,531	601
- advances to affiliated companies	49,224	58,539	49,224	58,539
- advances to subsidiary companies	-	-	2,464	2,240
- others	77	115	-	-
	<u>55,341</u>	<u>62,977</u>	<u>53,219</u>	<u>61,380</u>

**31 FINANCE COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest on :				
- ICULS	9,982	20,704	11,359	22,236
- advances from a subsidiary company	-	-	13,910	16,966
- short term borrowings	236	308	-	-
Other finance charges	53	11	-	-
	<u>10,271</u>	<u>21,023</u>	<u>25,269</u>	<u>39,202</u>

**32 TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax :				
Malaysia income tax	143,709	134,477	145,553	120,600
Foreign tax	4,959	3,230	-	-
Withholding tax in foreign subsidiary	460	-	-	-
	<u>149,128</u>	<u>137,707</u>	<u>145,553</u>	<u>120,600</u>
Under/(over) provision in prior years :				
Malaysia income tax	3,900	(1,267)	4,741	64
	<u>153,028</u>	<u>136,440</u>	<u>150,294</u>	<u>120,664</u>
Deferred tax (Note 8)				
Relating to origination and reversal of temporary differences	3,569	4,317	-	-
Underprovision in prior year	1,437	-	-	-
	<u>5,006</u>	<u>4,317</u>	<u>-</u>	<u>-</u>
	<u>158,034</u>	<u>140,757</u>	<u>150,294</u>	<u>120,664</u>

# Notes To The Financial Statements

30 April 2005

## 32 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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit before taxation	487,497	437,989	491,610	327,643
Taxation at Malaysian statutory tax rate of 28% (2004 : 28%)	136,499	122,637	137,651	91,740
Different tax rates for offshore companies	(14)	(324)	-	-
Expenses not deductible for tax purposes	13,752	19,279	7,910	28,860
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	(16)	(62)	(8)	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	2,016	494	-	-
Under/(over) provision of tax expense in prior years	3,900	(1,267)	4,741	64
Underprovision of deferred tax in prior year	1,437	-	-	-
Withholding tax in foreign subsidiary	460	-	-	-
Tax expense for the year	158,034	140,757	150,294	120,664

## 33 EARNINGS PER SHARE

	Group			
	2005 RM'000	2004 RM'000	Earnings per share (sen)	
			2005	2004
Net profit for the year	328,156	138,039		
Increase in net profit as a result of interest expense saved from ICULS conversion	11,989	26,998		
Adjusted net profit used in the calculation of diluted earnings per share	340,145	165,037		
Basic earnings per share			32.58	16.33
Weighted average number of shares outstanding ('000)	1,007,369	845,120		
Number of shares from ICULS conversion ('000)	139,408	313,929		
Number of shares used in the calculation of diluted earnings per share ('000)	1,146,777	1,159,049		
Diluted earnings per share			29.66	14.24

**34 DIVIDENDS PER SHARE**

	Group and Company			
	2005		2004	
	Dividend per share net of tax sen	Amount of dividend net of tax RM'000	Dividend per share net of tax sen	Amount of dividend net of tax RM'000
Interim dividend (less tax of 28%)				
- 1st interim - RM0.10 per share (2004 : RM0.08 per share)	7.20	70,487	5.76	49,272
- 2nd interim - RM0.08 per share (2004 : RM0.20 per share)	5.76	55,760	14.40	144,070
- 3rd interim - RM0.16 per share (2004 : nil)	11.52	127,344	-	-
- 4th interim - RM0.11 per share * (2004 : nil)	7.92	89,774	-	-
Underprovision of final dividend in previous year due to ICULS conversion	-	-	-	948

\* On 3 May 2005, the Company declared and approved a fourth interim dividend of RM0.11 per share less 28 % income tax in respect of financial year ended 30 April 2005 on 1.134 billion ordinary shares, amounting to RM89.8 million. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2006.

**35 CONTINGENT ASSET AND LIABILITIES**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<u>Contingent asset</u>				
Estimated liquidated ascertained damages receivable from a company in which certain Directors have interest	-	13,490	-	-
<u>Contingent liabilities - unsecured</u>				
Guarantee given to Noteholders for Secured Floating Rate Notes issued by an affiliated company	-	68,400	-	68,400
Guarantee given to a financial institution for facility granted to an affiliated company	-	3,002	-	3,002
	-	71,402	-	71,402

A guarantee fee of 1% (2004 : 1%) per annum was charged for the corporate guarantees provided. The above facilities have been fully settled during the financial year.

The contingent asset of liquidated ascertained damages was settled during the year whereby a certain quantum of quoted shares of an associate of an affiliated company were received and the quoted shares are accounted for as long term investments in Note 6.

# Notes To The Financial Statements

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## 36 CAPITAL COMMITMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Capital expenditures :				
- Approved and contracted for	330	13,161	-	-
- Approved but not contracted for	14,846	7,800	-	-
Non-cancellable operating leases				
- Rental for office premises	9,430	8,846	2,522	769
	<u>24,606</u>	<u>29,807</u>	<u>2,522</u>	<u>769</u>

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Not later than one year	4,655	4,761	841	769
Later than one year but not later than five years	4,775	4,085	1,681	-
	<u>9,430</u>	<u>8,846</u>	<u>2,522</u>	<u>769</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 (2004 : RM80,000) payable to Bukit Tinggi Resort Berhad.

## 37 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest income from				
- Berjaya Land Berhad - (b)	28,947	39,306	28,947	39,306
- Gateway Benefit Sdn Bhd - (b)	20,277	19,233	20,277	19,233
- FEAB Properties Sdn Bhd - (a)	-	-	1,023	774
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	1,117	1,148
Interest expense to				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(13,910)	(16,966)
Purchases of consumables from				
- Graphic Press Group Sdn Bhd - (d)	(10,789)	(9,964)	-	-
Advances given to				
- FEAB Properties Sdn Bhd - (a)	-	-	-	(86,528)
- Magna Mahsuri Sdn Bhd - (a)	-	-	(1,519)	(6,016)
Repayment of advances from / (to)				
- Berjaya Land Berhad - (b)	272,524	200,437	272,524	200,437
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	-	8,064
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(71,137)	(98,765)
- FEAB Properties Sdn Bhd - (a)	-	-	45,558	-
Management fees for services rendered by				
- Berjaya Group Berhad - (b)	(720)	(720)	(720)	(720)

**37 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Security guard services charges by				
- Berjaya Guard Services Sdn Bhd - (b)	(1,056)	(1,003)	-	-
Rental and service charges by				
- Noble Circle (M) Sdn Bhd - (b)	(1,613)	(1,617)	(769)	(768)
- Nada Embun Sdn Bhd - (b)	(1,853)	-	-	-
Service charges for procurement and provision of printing and advertisement by				
- Novacomm Integrated Sdn Bhd-(b)	(2,795)	(2,686)	(195)	(182)
Purchases of motor vehicles from				
- Quasar Carriage Sdn Bhd - (d)	(3,588)	-	-	-
Service charges and sinking fund for office block maintenance charged by				
- Berjaya TS Management Sdn Bhd - (c)	(1,529)	(1,464)	-	-
Guarantee fee income from				
- Berjaya Group Capital (Cayman) Ltd - (b)	628	771	628	771

The nature of the related party relationships are as follows :

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

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

The Directors' remuneration are disclosed under Note 28.

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

**38 FINANCIAL INSTRUMENTS****(a) Financial Risk Management Objectives and Policies**

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

**(b) Currency Risk**

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

**(c) Interest Rate Risk**

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

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

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

# Notes To The Financial Statements

30 April 2005

## 38 FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Market Risk

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

### (e) Credit Risk

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than the following :

- a trade debtor of a foreign subsidiary company which constitutes 26% (2004 : 82%) of the total Group's long term and short term trade receivables; and
- an amount due from a single debtor which constitutes 55% (2004 : 50%) of the Group's other receivables.

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.

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

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

**39 SEGMENT INFORMATION**

(a) Business Segments :

**30 April 2005**

	<b>Toto betting operations RM'000</b>	<b>Others * RM'000</b>	<b>Inter- segment RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>				
External sales	2,654,850	15,356	-	2,670,206
Inter-segment sales	-	22,172	(22,172)	-
				<u>2,670,206</u>
<b>Result</b>				
Segment results	492,636	(11,742)	(6,018)	474,876
Unallocated corporate expenses				(5,264)
Profit from operations				469,612
Investment related expenses				(25,449)
Interest income				55,341
Finance costs				(10,271)
Share of results of associated companies				(1,736)
Profit before taxation				487,497
Taxation				(158,034)
Profit after taxation				329,463
Minority interests				(1,307)
Net profit for the year				<u>328,156</u>
<b>Assets</b>				
Segment assets	464,201	206,254	354,393	1,024,848
Investments in equity method of associated companies	-	319	-	319
Unallocated corporate assets				855,048
Consolidated total assets				<u>1,880,215</u>
<b>Liabilities</b>				
Segment liabilities	206,627	198,163	(191,302)	213,488
Unallocated corporate liabilities				85,951
Consolidated total liabilities				<u>299,439</u>
<b>Other information</b>				
Capital expenditures	19,566	133	(7,363)	12,336
- Unallocated corporate expenses				181
				12,517
Depreciation / amortisation	15,222	803	(1,711)	14,314
- Unallocated corporate expenses				57
				14,371
<u>Other non-cash expenses</u>				
Impairment losses	-	14,419	-	14,419
- Unallocated corporate expenses				10,909
				<u>25,328</u>

# Notes To The Financial Statements

30 April 2005

## 39 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>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>
<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
<b>Other non-cash expenses</b>				
Impairment losses	722	7,001	-	7,723
- Unallocated corporate expenses				215
				7,938

**39 SEGMENT INFORMATION (CONTINUED)**

(b) Geographical Segments :

**Total Revenue From External Customers**

	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Malaysia	2,646,561	2,432,771
Others	23,645	44,525
	<u>2,670,206</u>	<u>2,477,296</u>

	<b>2005 RM'000</b>	<b>2004 RM'000</b>
<b>Segment Assets</b>		
Malaysia	909,491	940,638
Others	115,360	141,884
Unallocated corporate assets	855,364	1,037,711
	<u>1,880,215</u>	<u>2,120,233</u>

	<b>2005 RM'000</b>	<b>2004 RM'000</b>
<b>Capital Expenditures</b>		
Malaysia	12,082	31,398
Others	254	3,622
Unallocated corporate expenses	181	71
	<u>12,517</u>	<u>35,091</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.

**40 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) Pursuant to the resolution included in the Circular to Shareholders dated 5 April 2002, the Company has obtained the necessary approvals for the purchase of ICULS by the Company or any of its wholly-owned subsidiaries of up to an amount not exceeding RM1.2 billion. During the last financial year end, 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 purchase of additional ICULS and no cancellation of the ICULS by the Company during the financial year ended 30 April 2005.

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 Bursa Malaysia Securities Berhad.

# Notes To The Financial Statements

30 April 2005

## 40 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (a) 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 ("the Placement"). The Placement has not been implemented.

As at 30 April 2005, the outstanding inter-company balances owing by BLB group was RM692.923 million upon BLB's repayment of RM272 million during the financial year. Subsequent to the financial year ended 30 April 2005, BLB had made another repayment of RM18 million in June 2005, RM16.8 million in July 2005 and RM4.62 million in August 2005.

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

The Board of Directors of the Company was informed of BLB's proposal to dispose of 320 million ordinary shares in the Company ("Disposal Shares") held by BLB and its wholly-owned subsidiaries, namely Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd and Berjaya Land Development Sdn Bhd ("Vendor Subsidiaries") to Intan Utilities Berhad, for a total disposal consideration of RM1,152 million (after the Company's capital distribution of RM0.50 per share as detailed in Note 40(b) below) ("Proposed Disposal"). With the Proposed Disposal, BLB will no longer continue to pursue the Placement.

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

In addition to the above, BLB is also proposing to dispose of up to an additional 30 million ordinary shares in the Company at prevailing market prices to further reduce the outstanding amount owing to the Company.

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

- (b) On 7 March 2005, the Company announced its proposal to undertake a capital distribution of RM0.50 for every ordinary share of the Company, to be satisfied wholly in cash to all its entitled shareholders. The capital distribution will be carried out via a reduction of the Company's share capital pursuant to Section 64 of the Companies Act, 1965 and will be financed up to RM600 million through a syndicated term loan from financial institutions obtained by its wholly-owned subsidiary company.

The proposal has been approved by the Company's shareholders and consented by the ICULS holders at an extraordinary general meeting and ICULS holders meeting respectively, held on 8 June 2005 and the High Court of Malaya ("the Court") has confirmed the capital distribution pursuant to Section 64 of the Companies Act, 1965 on 18 August 2005. The Court also fixed a hearing date on 23 September 2005 for the Company to inform the Court of the amount of share capital to be reduced for the capital reduction after it has been ascertained at the books closure date which is fixed on 16 September 2005. The capital distribution will take effect on the date of lodgement of a copy of the Court Order with the Companies Commission of Malaysia.

- (c) On 7 March 2005, a subsidiary of the Company, Berjaya Lottery Management (HK) Limited ("BLM"), had implemented its proposed rights issue of HKD500 million of HKD1 each (equivalent to RM243.625 million). The Company via its wholly-owned subsidiary company, Berjaya Sports Toto (Cayman) Limited ("BSTC") had subscribed for its entitlement of HKD257.500 million ordinary shares of HKD1 each (equivalent to RM125.467 million) settled by way of capitalisation of advances from BSTC to BLM. Upon the completion of the rights issue exercise, BSTC's equity interest in BLM was increased to 83.7% from 51.5%.

**41. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE**

- (a) Subsequent to the financial year end and up to the date of this report, a wholly-owned subsidiary company of the Company had acquired additional ICULS to RM1,375,600 nominal value from the open market for a total consideration of approximately RM5.874 million. Subsequently, the wholly-owned subsidiary company disposed of the entire RM27,873,100 nominal value of ICULS that were held as treasury ICULS for a total gross cash consideration of RM116.510 million or at RM4.18 per ICULS via placements on 22 and 25 July 2005.
- (b) The Board of Directors of the Company is pleased to note the announcement by BLB on its proposed sale of 320 million shares of the Company to Intan Utilities Berhad. BLB had also stated that part of the sale proceeds together with the net proceeds from a further placement of up to 30 million of the Company's shares will be utilised to repay the outstanding advances owing to the Company.

Further to the capital distribution of RM0.50 per RM1.00 share approved by the shareholders on 8 June 2005 (as disclosed in Note 40(b)), the Board of Directors of the Company announced on 8 July 2005 that it has intention to distribute the cash to shareholders upon receipt of the debt owed by BLB via a second capital distribution and the proposed distribution is estimated to be RM0.50 per share.

**42. COMPARATIVE FIGURES**

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

	<b>Group</b>	
	<b>As restated</b>	<b>As previously reported</b>
<b>Payables (Note 15)</b>	<b>RM'000</b>	<b>RM'000</b>
Pool betting duty payables	12,988	39,410
Accruals	183,937	157,515

# List of Properties

as at 30 April 2005

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	65 yrs	4,826 sq. ft.	3 units of 2-storey shophouse - vacant	180
Kelong Restaurant Estimate 100 meter off-shore of Berjaya Langkawi Beach & Spa Resort situated in accordance with GPS at 6 21.634 N and 99 39.639 E	Freehold	11.11.1999	5 yrs	6,000 sq ft	Restaurant premise	1,301
Berjaya Times Square 11th Floor No. 1, Jalan Imbi 55100 Kuala Lumpur	Freehold (Strata titles)	06.01.1998	2 yrs	106,027 sq. ft.	One floor of office space of an integrated commercial development	45,752
Lot SL-012 & 013 Sri Pelangi Shoplot Ground Floor, Block C Jalan Genting Klang, Setapak 53300 Kuala Lumpur	Freehold	12.12.1992	11 years	3,049 sq. ft.	2 units of ground floor shoplot, 1 unit for rental and 1 unit for warehouse purpose	428
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	11 yrs	2,860 sq. ft.	2 units of 3-storey shop/office - 2 floors for sales office, 3 floors for rental and 1 floor vacant	648
Lot 367, Section 11 Kuching Town Land District Jalan Kulas 93400 Kuching Sarawak	Freehold	28.03.1994	12 yrs	1,214 sq. ft.	1 unit of 4-storey shophouse - 1 floor for rental, 1 floor for service centre and 2 floors vacant	659
Lot 19, Bornion Commercial Centre 88100 Luyang Kota Kinabalu Sabah	Leasehold 999 years expiring on 15 May 2915	24.12.1994	12 yrs	3,750 sq. ft.	1 unit of 3-storey shoplot - 2 floors for sales office and 1 floor vacant	511
24, Jalan SS2/66 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	30.12.1994	33 yrs	1,680 sq. ft.	1 unit of 3-storey shophouse for rental	1,185

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Net Book Value RM'000
No. 14, Sri Desa Entrepreneur's Park Jalan Kuchai Lama, 58200 Kuala Lumpur	Freehold	23.11.1995	7 yrs	6,706 sq. ft.	1 unit of 5-storey shopoffice - 5 floors for rental	1,369
Kim's Park Business Centre No. 1, Jalan Penjaja 3/A Batu Pahat Johor Darul Takzim	Freehold	15.06.1998	6 yrs	2,575 sq. ft.	1 unit of 3-storey shopoffice - 1 floor for sales office and 2 floors vacant	805
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	425
Lot 11, Jalan Oniks 2, 7/11 B, Seksyen 7 Shah Alam Selangor Darul Ehsan	Leasehold expiring on 28 May 2103 (99 years)	28.05.2004	-	19,752 sq. ft.	Vacant land	808

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 12, 28, 36 and 37 of the financial statements for the financial year ended 30 April 2005, neither Berjaya Sports Toto Berhad nor any of its subsidiaries has entered into any material contracts, involving Directors and major shareholders.

## Additional Information

The amount of non-audit fees incurred by the Group for the financial year ended 30 April 2005 amounted to RM188,000 which included RM160,000 that was incurred by the foreign subsidiary companies.

# Recurrent Related Party Transactions of Revenue Nature

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

Related parties	Nature of transaction	Name of companies	Amount transacted during the financial year (RM'000)
<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	356
Berjaya Education Sdn Bhd	Receipt of education and staff training services	Sports Toto Malaysia Sdn Bhd	7
Novacomm Integrated Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	2,795
Inter-Pacific Trading Sdn Bhd	Purchase of stationery products	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	90
<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	1,056
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	1,613
Sinar Merdu Sdn Bhd	Rental for renting of rooms at KL Court, KL Plaza	Sports Toto Malaysia Sdn Bhd	109
Nada Embun Sdn Bhd	Rental and service charges for office premise	Sports Toto Malaysia Sdn Bhd	1,853
Berjaya Land Development Sdn Bhd	Rental for renting of office premises	FEAB Properties Sdn Bhd FEAB Land Sdn Bhd	22

Related parties	Nature of transaction	Name of companies	Amount transacted during the financial year (RM'000)
<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.	206
Berjaya Times Square Sdn Bhd	Parking charges	Sports Toto Malaysia Sdn Bhd	79
Berjaya TS Management Sdn Bhd	Service charges and sinking fund for office block maintenance	Magna Mahsuri Sdn Bhd	1,529
<b>Cosway Corporation Berhad and its unlisted related companies :-</b>			
Stephen Properties Sdn Bhd	Rental for renting of storage areas	Berjaya Sports Toto Berhad FEAB Properties Sdn Bhd	3
<b>Other related parties :-</b>			
Graphic Press Group Sdn Bhd	Procurement of Toto betting slips printing services	Sports Toto Malaysia Sdn Bhd	10,789
Quasar Carriage Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	3,588
Nautilus Corporation Sdn Bhd	Rental for renting of resort room at Genting View Resort, Pahang for guests use	FEAB Properties Sdn Bhd	18
Bell Textile Industries Sdn Bhd	Rental income for renting of office premises	FEAB Land Sdn Bhd	27
Qinetics Solutions Berhad	Procurement of e-newsletter / website development and maintenance services	Berjaya Sports Toto Berhad	18

# Statement of Directors' Shareholdings

as at 8 September 2005

## THE COMPANY

	No. of ordinary shares of RM1.00 each			
	Direct Interest	%	Deemed Interest	%
1. Tan Sri Dato' Thong Yaw Hong	538,000	0.04	200,000	0.02
2. Tan Sri Dato' Seri Vincent Tan Chee Yioun	54,752,950	4.35	619,029,803	49.18
3. Ng Foo Leong	2,700,000	0.21	-	-
4. Dato' Robin Tan Yeong Ching	662,000	0.05	-	-
5. Datuk Robert Yong Kuen Loke	1,826,200	0.15	-	-
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	0.04	-	-
9. Mohamed Saleh Bin Gomu	-	-	-	-

None of the Directors in office has any interests in the shares and debentures of the related corporations as at 8 September 2005.

# Statistics on Shares and Convertible Securities

as at 8 September 2005

## 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	534	1.51	10,503	0.00
100 - 1,000	11,618	32.87	10,717,744	0.85
1,001 - 10,000	18,740	53.02	75,702,145	6.01
10,001 - 100,000	3,850	10.90	106,594,243	8.47
100,001 - 62,936,440	601	1.70	1,065,704,186	84.67
62,936,441 and above*	-	-	-	-
<b>Total</b>	<b>35,343</b>	<b>100.00</b>	<b>1,258,728,821</b>	<b>100.00</b>

Note:

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

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

## THIRTY LARGEST SHAREHOLDERS

<u>NO.</u>	<u>NAME</u>	<u>NO. OF SHARES HELD</u>	<u>%</u>
1	<b>Scotia Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad</i>	50,000,000	3.97
2	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>CIMB For Gateway Benefit Sdn Bhd (Banking 2)</i>	28,599,253	2.27
3	<b>UOBM Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (PC1)</i>	28,000,000	2.22
4	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>CIMB For Berjaya Land Berhad (Banking)</i>	25,178,800	2.00
5	<b>Alliancegroup Nominees (Tempatan) Sdn Bhd</b> <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd For Gateway Benefit Sdn Bhd</i>	25,000,000	1.99
6	<b>Citicorp Nominees (Tempatan) Sdn Bhd</b> <i>MLPFS For Gateway Benefit Sdn Bhd</i>	22,840,000	1.81
7	<b>CIMB Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	22,591,350	1.79
8	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01-00808-000)</i>	22,500,000	1.79
9	<b>UOBM Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Immediate Capital Sdn Bhd (PCI)</i>	22,000,000	1.75
10	<b>HSBC Nominees (Asing) Sdn Bhd</b> <i>BBH And Co Boston For GMO Emerging Markets Fund</i>	21,935,500	1.74
11	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	21,905,880	1.74
12	<b>Citicorp Nominees (Asing) Sdn Bhd</b> <i>UBS AG</i>	21,889,671	1.74

# Statistics on Shares and Convertible Securities

as at 8 September 2005

NO.	NAME	NO. OF SHARES HELD	%
13	<b>Scotia Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	19,089,000	1.52
14	<b>RHB Capital Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BLAND 681123)</i>	19,000,000	1.51
15	<b>CIMB Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad</i>	17,901,000	1.42
16	<b>Citicorp Nominees (Tempatan) Sdn Bhd</b> <i>MLPFS For Berjaya Land Berhad</i>	17,500,000	1.39
17	<b>Affin - ACF Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad</i>	16,934,100	1.35
18	<b>RHB Capital Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad (681124)</i>	15,000,000	1.19
19	<b>CIMB Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd</i>	13,378,100	1.06
20	<b>HDM Nominees (Tempatan) Sdn Bhd</b> <i>UOB Kay Hian Pte Ltd For Gateway Banefit Sdn Bhd</i>	13,189,000	1.05
21	<b>Alliancegroup Nominees (Tempatan) Sdn Bhd</b> <i>Alliance Merchant Nominees (Tempatan) Sdn Bhd For Berjaya Land Berhad</i>	12,102,500	0.96
22	<b>Mayban Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01408432026B)</i>	11,725,000	0.93
23	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01-00808-007)</i>	10,100,000	0.80
24	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>CIMB For Gateway Benefit Sdn Bhd (Banking)</i>	9,513,200	0.76
25	<b>RHB Nominees (Tempatan) Sdn Bhd</b> <i>GK GOH SPL For Gateway Benefit Sdn Bhd (4G/388068)</i>	9,500,000	0.75
26	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> <i>Ambank (M) Berhad For Gateway Benefit Sdn Bhd</i>	9,255,000	0.74
27	<b>Cartaban Nominees (Asing) Sdn Bhd</b> <i>Government Of Singapore Investment Corporation Pte Ltd For Government Of Singapore (C)</i>	8,733,500	0.69
28	<b>PAB Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (INTER PEC - CTL)</i>	7,712,000	0.61
29	<b>HSBC Nominees (Asing) Sdn Bhd</b> <i>Pictet And Cie For Pictet Targeted Fund FCP ( PAM REF 0933)</i>	7,531,800	0.60
30	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> <i>Ambank (M) Berhad For Berjaya Land Berhad</i>	7,395,500	0.59
		<b>538,000,154</b>	<b>42.73</b>

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

<b>Size of ICULS</b>	<b>No. of ICULS Holders</b>	<b>%</b>	<b>No. of ICULS</b>	<b>%</b>
less than 100	362	16.48	6,848	0.09
100 - 1,000	325	14.80	222,456	2.93
1,001 - 10,000	1,399	63.71	4,165,657	54.85
10,001 - 100,000	105	4.78	2,191,322	28.86
100,001 - 379,711	4	0.18	602,950	7.94
379,712 and above*	1	0.05	405,000	5.33
<b>Total</b>	<b>2,196</b>	<b>100.00</b>	<b>7,594,233</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	<b>Mayban Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Loh Gim Ean Holdings Sdn Bhd ( 228AP0366)</i>	405,000	5.33
2	<b>Chiem Boon Kooi</b>	202,000	2.66
3	<b>Citicorp Nominees (Asing) Sdn Bhd</b> <i>MLPFS For Teoh Kean Seng</i>	147,950	1.95
4	<b>Citicorp Nominees (Asing) Sdn Bhd</b> <i>MLPFS For Lily Erlina</i>	135,000	1.78
5	<b>Ong Ken Sim</b>	118,000	1.55
6	<b>Ee Siak Chong</b>	90,000	1.19
7	<b>Jones Yii</b>	71,550	0.94
8	<b>Loh Suan Phang</b>	70,200	0.92
9	<b>Yek Nai Tung</b>	54,000	0.71
10	<b>TCL Nominees (Tempatan) Sdn Bhd</b> <i>OCBC Securities Private Limited For Lee Vicky Nee Choo Suat Gaik</i>	54,000	0.71
11	<b>Hoo Hee Lai @ Ho Hee Lai</b>	51,300	0.68
12	<b>Public Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Chong Tze Khiam @ Chong Tze Khian (E-CST)</i>	41,000	0.54
13	<b>Nyew Ah Loi @ Yong Fong Ching</b>	40,500	0.53
14	<b>Yong Ing Yau</b>	37,349	0.49
15	<b>Ong Yoke Lan</b>	35,100	0.46

# Statistics on Shares and Convertible Securities

as at 8 September 2005

NO.	NAME	NO. OF ICULS HELD	%
16	Pembinaan Teknikhas Sdn Bhd	33,000	0.43
17	Ng Beh Yeow @ Ng Bee Yan	32,000	0.42
18	Gan Seong Khiam	32,000	0.42
19	Paul Edward Chong	32,000	0.42
20	Citicorp Nominees (Asing) Sdn Bhd <i>MLPFS For Huang Siew Ting</i>	31,050	0.41
21	Foo Yet Kai @ Sons Sdn Bhd	30,000	0.40
22	Cheng Kong Sooi	29,700	0.39
23	Lily Sim Lee Lee	28,000	0.37
24	Kong Choke Kee	27,000	0.36
25	Mong Hua @ Low Mong Hua	27,000	0.36
26	May Phng @ Cho Mai Sum	27,000	0.36
27	Teh Koon Guan	27,000	0.36
28	Gooi Mong Ling	27,000	0.36
29	Teh Ah Kiam @ Teh Leong Chuan	26,750	0.35
30	HDM Nominees (Asing) Sdn Bhd <i>DBS Vickers Secs (s) Pte Ltd For Quick Cheng Gee</i>	26,000	0.34
		<hr/> 1,988,449 <hr/>	<hr/> 26.19 <hr/>

# Substantial Shareholders

as at 8 September 2005

Names of Substantial Shareholder	No. of Shares			
	Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	301,601,903	23.96	-	-
Berjaya Land Berhad	245,122,498	19.47	360,788,008 (a)	28.66
Teras Mewah Sdn Bhd	-	-	605,910,506 (b)	48.14
Berjaya Group Berhad	-	-	618,234,010 (c)	49.12
Tan Sri Dato' Seri Vincent Tan Chee Yioun	54,752,950	4.35	619,029,803 (d)	49.18

## Notes:

- (a) Deemed interested by virtue of its 100% interest in Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd and Berjaya Land Development Sdn Bhd.
- (b) Deemed interested by virtue of its interest in Berjaya Land Berhad.
- (c) Deemed interested by virtue of its 100% interests in Teras Mewah Sdn Bhd and its interests in the related companies, Prime Credit Leasing Sdn Bhd, Berjaya General Insurance Berhad, Inter-Pacific Securities Sdn Bhd, Eng Securities Sdn Bhd and Inter-Pacific Capital 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 Wednesday, 19 October 2005 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the audited financial statements of the Company for the year ended 30 April 2005 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 2005. RESOLUTION 2
3. To re-elect the following Directors who retire pursuant to Article 98(A) of the Company's Articles of Association:-
  - a) Tan Sri Dato' Seri Vincent Tan Chee Yioun RESOLUTION 3
  - b) Ng Foo Leong RESOLUTION 4
  - c) Chan Kien Sing RESOLUTION 5
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 6
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 7
6. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. RESOLUTION 8
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 to be in force until the conclusion of the next Annual General Meeting of the Company."

RESOLUTION 9

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

"That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular dated 27 September 2005 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 Annual General Meeting ("AGM") of the Company following the AGM at which the ordinary resolution for the proposed mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is the earlier;

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 10

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

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

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the existing total issued and paid-up share capital of the Company inclusive of the 85,000,000 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 2005, the retained profits and share premium of the Company were RM430.071 million and RM296.411 million respectively;
3. the authority shall commence immediately upon passing of this resolution until:-
  - (a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at a general meeting whereby the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
  - (c) the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting;whichever is the earlier.
4. upon completion of the purchase(s) of the ordinary shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased, retain all the shares as treasury shares for future re-sale or for distribution as dividend to the shareholders of the Company or retain part thereof as treasury shares and subsequently cancelling the balance, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

For the purpose of this Resolution, the term "ordinary share" shall mean as follows:-

- (a) If the purchase of the ordinary shares is to be effected prior to the completion of the Company's capital distribution of 50 sen in cash per ordinary share of RM1.00 each via a reduction of the share capital of the Company pursuant to Section 64 of the Act, (the "Capital Distribution"), the term "ordinary share" shall mean and refer to the ordinary shares of RM1.00 each in the issued and paid-up capital of the Company before the Capital Distribution; and
- (b) If the purchase of the ordinary shares is to be effected after the completion of the Capital Distribution, the term "ordinary share" shall mean and refer to the ordinary shares of RM0.50 each in the issued and paid-up capital of the Company after the Capital Distribution."

RESOLUTION 11

By Order of the Board  
SU SWEE HONG  
Secretary

Kuala Lumpur  
27 September 2005

# 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, 6 AND 7

The particulars of the Directors who are standing for re-election/re-appointment are set out in the relevant pages of the Annual Report as follows:-

	Name of Director	Directors' Profile	Directors' Shareholdings
1	Tan Sri Dato' Seri Vincent Tan Chee Yioun	Page 3	Page 78
2	Ng Foo Leong	Page 4	Page 78
3	Chan Kien Sing	Page 5	Page 78
4	Tan Sri Dato' Thong Yaw Hong	Page 3	Page 78
5	Tan Sri Dato' Jaffar Bin Abdul	Page 6	Page 78

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

### (C) SPECIAL BUSINESS

1. Resolution 9 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
2. Resolution 10 is in relation to the approval on the Shareholders' Mandate on Recurrent Related Party Transactions and if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad. The explanatory notes on Ordinary Resolution 10 is set out in the Circular to Shareholders dated 27 September 2005 attached to the Annual Report.
3. Resolution 11 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 11 is set out in the Circular to Shareholders dated 27 September 2005 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 Wednesday, 19 October 2005 at 10.00 a.m. or any adjournment thereof.

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

	FOR	AGAINST
RESOLUTION 1 – To receive and adopt the Audited Financial Statements		
RESOLUTION 2 – To approve payment of Directors' Fees		
RESOLUTION 3 – To re-elect Tan Sri Dato' Seri Vincent Tan Chee Yioun as Director		
RESOLUTION 4 – To re-elect Ng Foo Leong as Director		
RESOLUTION 5 – To re-elect Chan Kien Sing as Director		
RESOLUTION 6 – To re-appoint Tan Sri Dato' Thong Yaw Hong as Director		
RESOLUTION 7 – To re-appoint Tan Sri Dato' Jaffar Bin Abdul as Director		
RESOLUTION 8 – To re-appoint Auditors		
RESOLUTION 9 – To approve authority to allot and issue shares		
RESOLUTION 10 – To approve mandate on recurrent related party transactions		
RESOLUTION 11 – To approve the renewal of authority to purchase its own shares by the Company		

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

No. of Shares Held

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2005

## 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.

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Affix Stamp

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

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**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  
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