

**2007**  
LAPORAN  
TAHUNAN  
ANNUAL REPORT



**BERJAYA**  
**BERJAYA SPORTS TOTO BERHAD**

(Company No. 9109-K)

برجاي سפורتس توتو برحد  
成功多多博彩有限公司



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The corporate logo comprises the word BERJAYA in gold and a symbol made up of closely interwoven Bs in rich cobalt blue with gold lining around the circumference and a gold dot in the centre.

BERJAYA means “success” in Bahasa Malaysia and reflects the success and Malaysian character of the Berjaya Corporation’s core businesses. The intertwining Bs of the symbol represent our strong foundations and the constant synergy taking place within the Berjaya Corporation group of companies. Each B faces a different direction, depicting the varied strengths of the companies that make up the Berjaya Corporation group of companies.

## 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.



## 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.

In the USA, BToto’s subsidiary, International Lottery & Totalizator Systems, Inc. (“ILTS”) is a leading supplier of on-line computerized wagering systems with installations worldwide.

**Sports Toto’s** financial growth over the past 21 years after its privatisation in 1985 is highlighted below:

	30/4/07 (Million)		31/12/85 (Million)		21 Years’ Annualised Increase (%)
	RM	US\$	RM	US\$	
Revenue	2,955.0	863.7	76.0	22.2	180.4
Pre-tax Profit	552.4	161.4	5.0	1.5	521.3
Equity Funds	216.0	63.1	1.0	0.3	1,023.8
Total Assets	999.5	292.1	12.7	3.71	370.0
Total No. of Employees	615		431		

Exchange rate : US\$1.00 = RM3.4215



## BOARD OF DIRECTORS

Tan Sri Dato' Thong Yaw Hong  
*Chairman*

Dato' Robin Tan Yeong Ching  
*Chief Executive Officer*

### *Executive Directors*

Ng Foo Leong  
Datuk Robert Yong Kuen Loke  
Freddie Pang Hock Cheng  
Chan Kien Sing  
Rayvin Tan Yeong Sheik

### *Directors*

Tan Sri Dato' Jaffar Bin Abdul  
Mohamed Saleh Bin Gomu

## AUDIT COMMITTEE

### *Chairman/Independent*

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

### *Non-Independent/Executive Director*

Datuk Robert Yong Kuen Loke

### *Independent/Non-Executive Director*

Mohamed Saleh Bin Gomu

## SECRETARIES

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

## SHARE REGISTRAR

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

Lot 13-01A, Level 13 (East Wing)  
Berjaya Times Square  
No. 1 Jalan Imbi  
55100 Kuala Lumpur  
Tel : 03 - 2149 1999  
Fax : 03 - 2143 1685

## PRINCIPAL BANKERS

Malayan Banking Berhad  
CIMB Bank Berhad  
The Bank of Nova Scotia Berhad  
RHB Bank Berhad

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia  
Securities Berhad

## STOCK SHORT NAME

BJTOTO (1562)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

## Profile of Directors



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

77 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 before retiring in June 2006.

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 also holds directorships in several public listed companies namely, Batu Kawan Berhad, Glenealy Plantations (Malaya) Berhad, Kuala Lumpur Kepong Berhad and Public Bank Berhad (Co-Chairman). His directorships in other public companies are Berjaya Sompo Insurance Berhad (formerly known as Berjaya General Insurance Berhad) (Chairman), Malaysian South-South Corporation Berhad, Public Merchant Bank Berhad (Chairman), HHB Holdings Berhad (Chairman), Public Islamic Bank Berhad, Public Investment Bank Berhad (Co-Chairman) and Public Mutual Berhad (Co-Chairman). He is also a Director in several other private companies including Sports Toto Malaysia Sdn Bhd (Chairman). He also serves as a member on the Boards of Trustees of Program Pertukaran Fellowship Perdana Menteri Malaysia, Tun Razak Foundation, Sports Toto Foundation and the Malaysian Institute of Economic Research, among others. He is also a member of the Working Group of the Executive Committee 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.



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

33 years of age, Malaysian  
Chief Executive Officer  
Non-Independent

He was appointed to the Board on 21 February 1998 as an Executive Director and subsequently, was appointed as the Chief Executive Officer of the Company on 21 December 2006. He graduated with a Bachelor of Social Science Degree in Accounting/Law from the University of Southampton, United Kingdom, in 1995. He joined Berjaya Group Berhad in 1995 as an Executive and subsequently became the General Manager, Corporate Affairs in 1997.

Currently, he is the Chairman of MOL.com Berhad, an Executive Director of Berjaya Corporation Berhad and Sports Toto Malaysia Sdn Bhd. He is also a Director of Berjaya Land Berhad, Berjaya Sampo Insurance Berhad (formerly known as Berjaya General Insurance Berhad), Qinetics Solutions Berhad and several other private limited companies in the Berjaya Corporation group of companies.

His brother, Rayvin Tan Yeong Sheik, is also a member of the Board while his father, Tan Sri Dato' Seri Vincent Tan Chee YOUN is a major shareholder of the Company.

Dato' Robin Tan Yeong Ching is a member of the Remuneration Committee of the Company.



### **NG FOO LEONG**

56 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 Philippine Gaming Management Corporation. He also holds directorships in International Lottery & Totalizator Systems, Inc. (USA) and several other private limited companies in the Berjaya Corporation group of companies.



**DATUK ROBERT YONG KUEN LOKE**

55 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 The Association of Chartered Certified Accountants (United Kingdom) and a member of The 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 was with Price Waterhouse, Singapore from 1979 to 1982. Prior to joining the Berjaya Group of Companies in 1987, he served as Group Finance Manager in UMW Holdings Berhad and Group Treasurer in Edaran Otomobil Nasional Bhd.

Currently, he is also an Executive Director of Berjaya Corporation Berhad and Berjaya Land Berhad. He is also a Director of Cosway Corporation Berhad, Berjaya Capital Berhad, Matrix International Berhad, Berjaya Group Berhad, 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.



**FREDDIE PANG HOCK CHENG**

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

He was appointed to the Board on 1 December 1992. He began his career with a predecessor firm of Messrs Ernst & Young where he worked 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. Thereafter, 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 the Chairman of Intan Utilities Berhad, an Executive Director of Berjaya Corporation Berhad, a Director of Nexnews Berhad, MOL.com Berhad, Berjaya Group Berhad, Berjaya Vacation Club Berhad and Informatics Education Ltd, Singapore. He also holds directorships in several other private limited companies.

## Profile of Directors



### **CHAN KIEN SING**

51 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 Corporation Berhad. He is the Chairman of Matrix International Berhad and Berjaya Holdings (HK) Limited, a Director of Intan Utilities Berhad, Berjaya Group 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.



### **RAYVIN TAN YEONG SHEIK**

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

He was appointed to the Board on 19 October 2006 as an Executive Director. He graduated with a Bachelor of Science (First Class Hons) degree in Accounting and Finance from the London School of Economics, United Kingdom, in 2000.

He joined the Berjaya Group of Companies in May 2001 as Senior Manager (Corporate Affairs) of Kota Raya Development Sdn Bhd and Noble Circle Management Sdn Bhd. He was subsequently appointed to the position of General Manager (Corporate Affairs) of Sports Toto Malaysia Sdn Bhd in February 2002.

During his vocational training as a research intern with Jardine Fleming and Merrill Lynch & Co./Smith Zain Securities, he was involved in the field of research covering the various sectors of property, commodities, telecommunications and transport.

Currently, he is also an Executive Director of Berjaya Corporation Berhad. He also holds directorships in Berjaya Group Berhad, Singer (Malaysia) Sdn Bhd, Taiga Forest Products Ltd (Canada), Taiga Building Products Ltd (Canada) and several other private limited companies.

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



**TAN SRI DATO' JAFFAR BIN ABDUL**

75 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**

57 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.



A Toto Draw in Progress.

**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 2007.**



At the Draw Venue in Berjaya Times Square, Kuala Lumpur.

## FINANCIAL RESULTS

For the financial year under review, the Group recorded a revenue of RM3.0 billion, an increase of 3.3% compared to 2.9 billion in the previous year ended 30 April 2006. The increased revenue was achieved in spite of its principal subsidiary, Sports Toto Malaysia Sdn Bhd ("Sports Toto") having four draws less than the previous year.

Group pre-tax profit declined 4.6% from RM571.9 million to RM545.3 million mainly due to higher finance costs incurred in the year under review and the recognition of RM24 million gain

on disposal of the Company's Irredeemable Convertible Unsecured Loan Stocks ("ICULS") in the previous year.

In addition, the Group earned a much lower interest income for the year under review as a result of a substantially lower inter-company balance due from Berjaya Land Berhad ("B-Land") and the distribution of surplus funds to Berjaya Sports Toto Berhad's ("BToto") shareholders via capital repayments and dividend payments. Group attributable profit for the year under review decreased 19.1% mainly because in the previous year it had included a write-back of tax overprovision of RM51.8 million.

## DIVIDEND

For the financial year ended 30 April 2007, the Company had declared and paid three interim dividends of 12.5 sen each per share less income tax. The Board has declared a fourth interim dividend of 7.5 sen per share less 27% income tax that is payable on 30 August 2007. Together, the total gross dividend distribution for the financial year ended 30 April 2007 would be 45 sen per share less tax or a total net dividend of approximately RM421.1 million representing 112% of the attributable profit of the Group for the year.



At the Draw Venue.

A Sports Toto Outlet in Malaysia.

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

- 1) On 19 October 2006, Rayvin Tan Yeong Sheik was appointed as Executive Director of BToto. Subsequently on 21 December 2006, Dato' Robin Tan Yeong Ching was appointed as the Chief Executive Officer ("CEO") of the Company taking over from Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") who resigned as the CEO and director of the Company. Both Dato' Robin Tan Yeong Ching and Rayvin Tan Yeong Sheik are the sons of TSVT. However, TSVT will remain as the CEO of Sports Toto Malaysia Sdn Bhd.
- 2) During the financial year, an aggregate repayment of inter-company advances of RM488.5 million was made by B-Land to the Company. Subsequent to the financial year end, further repayments of RM26.7 million and RM49.36 million were made by B-Land respectively on 22 June 2007 and 30 July 2007. With these repayments, B-Land had fully settled all the outstanding inter-company advances owing to the Company.
- 3) During the financial year ended 30 April 2007, the Company bought back a total of 14.2 million ordinary shares of RM0.10 each for approximately RM65.3 million or at an average price of RM4.60 per share from the open market with internally generated funds. The total number of treasury shares held by the Company was 70.5 million as at 30 April 2007. Subsequent to the financial year end to 23 August 2007, the Company bought back a total of 19.5 million ordinary shares of RM0.10 each for approximately RM99.6 million or at an average price of RM5.11 per share. The cumulative total number of treasury shares held by the Company was 90.0 million as at 23 August 2007.

## REVIEW OF OPERATIONS

### Malaysia

For the financial year under review, Sports Toto recorded a revenue of RM2.955 billion, an increase of 2.23% from the previous year's revenue of RM2.890 billion. The increase in revenue was achieved in spite of the year under review having four draws less than the previous financial year. The higher revenue was mainly attributed to higher sales of the 4-Digit game and a full year contribution from the sales of the 4-Digit *I-Perm* game compared to seven months' contribution in the previous financial year. On a per draw basis, Sports Toto achieved an average growth of about 5% in spite of the year under review not enjoying any run-up in the Lotto games compared to the previous year where its Super 6/49 Jackpot game recorded its highest ever jackpot prize of RM15.9 million.

## Chairman's Statement



PGMC – New FLX Betting Terminal with Touch Screen Features.

Pre-tax profit increased by 2% to RM552.4 million compared to RM541.5 million in the previous financial year in line with the increase in revenue.

Sports Toto continued to be the market leader among all the Number Forecast Operators (NFOs) in the country in terms of total revenue for the year under review.

### The Philippines

For the financial year under review, Prime Gaming Philippines, Inc. ("PGPI") reported a revenue of Peso 1,050.5 million, an increase of 73.5% from the previous year's revenue of Peso 605.4 million due to the higher revenue recorded by its wholly-owned subsidiary, Philippine Gaming Management Corporation ("PGMC"). Pre-tax profit increased by 50.1% to Peso 548.3 million compared to Peso 365.3 million in the previous financial year as a result of the higher revenue recorded.

PGMC recorded revenue of Peso 1,050.5 million, an increase of 73.5% compared to Peso 605.4 million achieved in the previous financial year due to a higher fee arising from the extension of the existing Equipment Lease Agreement ("ELA") with the Philippine Charity Sweepstakes Organisation in November 2005. The ELA which was to expire in August 2007, was extended by a further period of eight years up to August 2015. Profit before tax increased by 72.5% to Peso 575.7 million compared to Peso 333.7 million in the previous financial year as a result of the higher revenue recorded and gain on disposal of shares held in the holding company, PGPI.

In September 2006, a new 3-Digit game called "Suertres" was launched with draws held daily. This brings the total number of games offered to seven, namely Lotto 6/42, Megalotto 6/45, Superlotto 6/49, 4-Digit, 6-Digit, EZ2 and 3-Digit.

With the extension of the ELA, PGMC had purchased a new central system, communication processors, application software and 2,000 new sales terminals from International Lottery & Totalizator Systems, Inc. at a total cost of US\$10.2 million. The conversion of the new central system and new sales terminals to replace the existing on-line system and sales terminals commenced in November 2006 under a phased implementation and was completed in July 2007.

### The United States of America

For the financial year under review, International Lottery & Totalizator Systems, Inc. ("ILTS") posted a revenue of USD11.05 million, an increase of 221% compared to USD3.44 million in the previous financial year. A net income of USD0.499 million was recorded compared to a loss of USD2.34 million in the previous year. This increase was mainly due to the completion and recognition of revenue from its contract with PGMC where ILTS delivered the new DataTrak on-line gaming system and approximately 2,000 new Intelimark FLX terminals to PGMC during the year.

ILTS's subsidiary, Unisyn Voting Solutions, Inc., continued to post notable progress in 2006. Its election voting product, the InkaVote Plus Precinct Ballot Counter ("PBC") was successfully implemented by its joint venture partner, Election Systems & Software ("ES&S") for elections held in Los Angeles County, California, the largest voting jurisdiction in the United States, Jackson County, Missouri, and the City of Los Angeles.



New 3-Digit game, *Suertres* launched in September 2006 in the Philippines.

ILTS is a leading supplier of computerized transaction processing systems to 28 government-sanctioned lotteries and racing organizations in 22 countries with secure and reliable automated wagering systems and quality support in its twenty-six years of operations. Following the U.S. presidential election in year 2000, ILTS undertook a program to leverage the company's secure transaction processing gaming technology to help in solving problems facing the election administration officials. This program led to the formation of ILTS's wholly owned subsidiary, Unisyn Voting Solutions, Inc., and the development of the PBC. In consideration of a profit sharing formula, ILTS granted ES&S, one of the world's largest and most experienced providers of election management solutions, the exclusive worldwide license to manufacture, sell and sublicense ILTS's intellectual property relating to the PBC hardware and software.



ILTS, USA - A voter inserting a completed paper ballot into the InkaVote Plus Precinct Ballot Counter (PBC).

**CORPORATE SOCIAL RESPONSIBILITY**

During the year under review, Sports Toto contributed and supported numerous causes as part of the company's "Giving Something Back to Society" programme.

The key areas which Sports Toto dedicated its corporate social responsibility efforts were the promotion of sports excellence, assistance for the underprivileged and needy, efforts in relieving distress cases and support of cultural development.

In the promotion of sports excellence, besides contributing substantially to the National Sports Council, Sports Toto also contributed to numerous sporting events such as the NSTP-Malay Mail Big Walk, Subang Jaya Run, Kuala Lumpur Rat Race, Ipoh International Run, Petaling Jaya Squash Open Championship, PJ Half Marathon, National Junior Basketball Championship, International Sabah Open Dart Championship, 9th Fespac Games for the handicapped, among others.

Substantial amounts were contributed to the underprivileged and needy such as the Program Anak Angkat and Program Kecemerlangan BAKTI, St. John's Ambulance Malaysia, Alzheimer's Disease Foundation of Malaysia and Perdana Leadership Foundation Public Outreach Programme.

Also, Sports Toto rendered assistance to flood victims of the severe floods which occurred in the State of Johor in late 2006 with a contribution of RM300,000 to the Floods Relief Fund.

During the company's 18th Chinese New Year Ang Pow donation drive, Sports Toto contributed RM650,000 which benefited approximately 15,000 needy senior citizens aged 60 and above spread across 42 cities and towns throughout Malaysia.

In addition, Sports Toto supported the preservation of the unique multi-cultural fabric of the country. Besides the Chinese New Year Ang Pow donation drive, the company organized and took part in festive celebration events for the various ethnic groups such as Hari Raya, Deepavali and Padawan Festival in Kuching.

Lastly, Sports Toto also supported meaningful social causes such as the fund-raising drive by the Crime Prevention Foundation of Malaysia and the Malaysian Invention and Design Society ("MINDS").



Contributions to the NST Flood Victims Assistance Fund, Nanyang Press Foundation and Sin Chew Foundation by Mr. Rayvin Tan (second from left).

Dato' Robin Tan and Mr. Ng Foo Leong presenting a memento to YB Dato' Dr. Ng Yen Yen at the 2007 Sports Toto Chinese New Year Ang Pow Donation Campaign.

YB Kamala G Ganapathy, State Assemblywoman of Kota Raja distributing hampers during Deepavali to needy folks and children in Kelang.

### FUTURE PROSPECTS

The Malaysian economy is projected to grow by 6% in 2007. During the first half of 2007, the Ringgit strengthened to below 3.40 against the US dollar and the Kuala Lumpur Composite Index breached 1,300 points to reach an all time high since the onset of the Asian Financial Crisis in 1997. The Government also announced various incentives and measures to increase foreign direct investment in the country and embarked on some large scale infrastructure projects.

Against this background, Sports Toto will continue to adopt strategies to take advantage of the increase in consumer spending patterns. It will also step up marketing efforts to increase revenue and extend its market share.

In the Philippines, a number of projects have been earmarked to increase PGMC's revenue and profits. These include increasing the minimum bet of the three lotto games, ie. Lotto 6/42, Megalotto 6/45 and Superlotto 6/49, from the current 10 pesos to 20 pesos and the introduction of a new Powerball-type lotto game. These are expected to come on stream in the third quarter and fourth quarter respectively of the current financial year 2007/2008.

### APPRECIATION

On behalf of the Board, I would like to congratulate Dato' Robin Tan for his appointment as the new CEO of the Company and welcome Rayvin Tan into the Board. I would like to place on record our gratitude to TSVT who has resigned as CEO of the Company for his past contributions and valuable services.

Our deep appreciation is also extended to the management, employees and agents for their commitment and dedication in their work throughout the year. To all our customers, shareholders, business associates, financiers and the government authorities, I thank them for their co-operation and kind support. I would also like to thank my fellow colleagues on the Board for their guidance and active participation in the Board and look forward to their continued support in the ensuing years ahead.

Tan Sri Dato' Thong Yaw Hong  
Chairman  
23 August 2007



Toto Game Leaflets.



## 本人谨代表董事部提呈 2007 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 30 亿令吉的收益，比上一年度的收益 29 亿令吉增加了 3.3%。尽管主要子公司多多博彩马来西亚私人有限公司（“多多博彩”）的开彩次数比往年少了 4 次，集团仍然达成这项收益增长。

集团的税前盈利下跌了 4.6%，由 5 亿 7 千 1 百 90 万令吉减至 5 亿 4 千 5 百 30 万令吉，主要原因是检讨中年度的融资成本较高，并且认可公司从上一年度抛售不可赎回，可转让，无担保债券（“ICULS”）中赚取 2 千 4 百万令吉。

除此之外，本集团在检讨年度赚取比较低的利率收益。这是由于成功置地有限公司所拖欠的公司间贷款降低，而且又通过资金回退和股息支付将盈余资金分发给成功多多博彩有限公司的股东。检讨年度的集团可分配盈利减低了 19.1%，因为在上一年度已将 5 千 1 百 80 万令吉的过度拨备的回拨纳入在内。

### 股息

截至 2007 年 4 月 30 日财政年度，公司已发布及支付三次期中股息，每次每股 12.5 仙（须扣所得税）。董事部已宣布再派第四次期中股息，每股 7.5 仙（须扣所得税 27%），於 2007 年 8 月 30 日派付。合计之下，截至 2007 年 4 月 30 日财政年度所派发的总毛股息将是每股 45 仙（须扣税）或净股息总额大约 4 亿 2 千 1 百 10 万令吉，相等於集团在这一年度可分配盈利的 112%。上述股息分派与公司现行的股息分配政策相符，即至少将每年净收益的 75% 分配给股东。公司会否维持这派息 75% 的政策，胥视各种因素而定，例如是否备有可分配的储备金与抵减税额，来支付股息和应付公司的流动资金需求。

### 公司发展

- 1) 在 2006 年 10 月 19 日，陈永雪受委任为成功多多的执行董事。随后在 2006 年 12 月 21 日，拿督陈永钦受委任为公司的总裁（“CEO”），接掌前总裁丹斯里拿督斯里陈志远（“TSVT”）所辞去职务。拿督陈永钦和陈永雪两人，都是丹斯里拿督斯里陈志远的令公子。不过，丹斯里拿督斯里陈志远仍将继续担任多多博彩马来西亚私人有限公司的总裁。
- 2) 在本财政年度期间，成功置地摊还了公司间预支总额 4 亿 8 千 8 百 50 万令吉。在财政年结束后，成功置地分别於 2007 年 6 月 22 日和 2007 年 7 月 30 日摊还另 2 千 6 百 70 万令吉和 4 千 9 百 36 万令吉欠款。经过这几次的摊还之后，成功置地已清还所拖欠的全部公司间贷款。
- 3) 截至 2007 年 4 月 30 日财政年度，公司利用内部所筹获的资金，以每股 4 令吉 60 仙的价格回购 1 千 4 百 20 万每股 10 仙的普通股，总值大约 6 千 5 百 30 万令吉。截至 2007 年 4 月 30 日，公司持有总值 7 千 50 万令吉的库存股票。接着在财政年结束之后至 2007 年 8 月 23 日期间，公司又再回购 1 千 9 百 50 万每股 10 仙的普通股，总值大约 9 千 9 百 60 万令吉或每股平均价 5 令吉 11 仙。截至 2007 年 8 月 23 日，公司所持有的累积库存股票总数达 9 千万股。



正在进行的多多博彩抽奖。



位于马来西亚的一间多多博彩销售商店。

一名选民把填妥的投票表格投入 InkaVote Plus Precinct 选票计算机。



### 营运检讨

#### 马来西亚

在检讨中的财政年度，多多博彩创下 29 亿 5 千 5 百万令吉的收益，比上一年的 28 亿 9 千万令吉收益高出 2.23%。尽管检讨中的年度比上一个财政年度少了 4 次开彩，公司仍然取得以上的收益增长。公司取得较高收益的原因是万字票的销售额提高，再加上 I-Perm 全年销售额的贡献。上一年对比的 I-Perm 销售额，只有 7 个月的业绩。以每期开彩为根据，即使在检讨中的财政年度没有从六合彩销售额上升受惠，多多博彩仍取得大约 5% 的平均增长。在上一年度，超级多多六合彩的积宝创下历年来最高的 1 千 5 百 90 万积宝奖金。

税前盈利达到 5 亿 5 千 2 百 40 万令吉，对比上一年财政年度的 5 亿 4 千 1 百 50 万令吉增长了 2%，符合其收益成长。

就检讨中年度的总收益而言，多多博彩在全国所有数字预测博彩运作中，继续是市场的主导。

#### 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 10 亿 5 千零 50 万比索的收益。比上一年度 6 亿零 5 百 40 万比索的收益增长了 73.5%，原因是其全资子公司菲律宾博彩管理公司（“PGMC”）取得更高的收益。税前盈利提高了 50.1% 达到 5 亿 4 千 8 百 30 万比索。上一年的税前盈利是 3 亿 6 千 5 百 30 万比索，原因是收益增高。

PGMC 创下 10 亿 5 千零 50 万的收益，比上一年的 6 亿零 5 百 40 万比索收益高出 73.5%。主要原因是在 2005 年 11 月，公司延长与菲律宾慈善大彩机构签署的现有器材租赁合同（“ELA”），收费更高所致。原有的 ELA 合约，本来在 2007 年 8 月期满，今再被延长 8 年至 2015 年 8 月。由于收益更高，加上出售控股公司 PGPI 所持股票的赚益，税前盈利比上一年的 3 亿 3 千 3 百 70 万比索提高了 72.5%，达到 5 亿 7 千 5 百 70 万比索。

在 2006 年 9 月，公司推出了一种新的千字博彩，称为“Suertres”，每日都有开彩。这使到博彩游戏的总数增至 7 种，即 Lotto 6/42、Megalotto 6/45、Superlotto 6/49、万字、六合彩、EZ2 和千字。

在延长 ELA 之下，PGMC 向国际博彩与赛马测字有限公司（“ILTS”）购买了一台新的中央系统、通讯处理机、应用软件和 2,000 架新的终端机，总共耗资 1 千零 20 万美元。在分阶段推行计划下，由 2006 年 11 月开始至 2007 年 7 月全面完成，改用新的中央系统和新的销售终端机，以取代现有的连线系统与销售终端机。

#### 美国

在检讨年度，国际博彩与赛马测字系统有限公司（“ILTS”）取得 1 千 1 百零 50 万美元的收益，比上一年的 3 百 44 万美元，爆增 221%。净收益为 49 万 9 千美元，上一年的对比则是 2 百 34 万美元的亏损。净收益提高的主因，是履行与 PGMC 的签约即在这一年内悉数把新的 DataTrak 连线博彩系统和大约 2000 架新的 Intelimark FLX 终端机供应给 PGMC。

ILTS 的子公司 Unisyn Voting Solutions, Inc. 在 2006 年继续交出可观的进展。它的选举投票产品 InkaVote Plus Precinct 选票计算机（“PBC”）联营伙伴选举系统及软件（“ES&S”）成功推荐给加利福尼亚州洛杉矶郡，（即美国最大的选区）以及杰克生郡、米索里郡和洛杉矶市。

ILTS 是电脑化交易处理系统的主导供应商，在其 26 年营运中，为全球 22 个国家的 28 个政府批准的博彩与赛马机构，供应安稳可靠的自动投注系统和优质的支援。继美国 2000 年总统大选之后，ILTS 展开了一项计划，以善用公司的安稳交易博彩技术，帮助解决选举管理人员所面对的问题。这项计划导致 ILTS 全资子公司 Unisyn Voting Solutions, Inc. 的成立，并进行 PBC 的开发。有鉴于一项分红方式的利益，ILTS 授予 ES&S（全球其中之一家最大和最经验的选举管理方案供应商）全球专有许可权以制造、销售及再许可 ILTS 有关 PBC 硬件和软件的知识产权。

### 企业社会责任

在检讨年度中，多多博彩于“取诸社会，还诸社会”推动计划下，捐助和支持了无数的义举。在履行其企业社会责任方面，多多博彩所做的努力主要是集中于促进体育杰出表现、协助贫困不幸人士、救济灾黎和支持社会发展。

在促进体育杰出表现方面，除了大量捐献给国家体育理事会之外，多多博彩也捐助无数的体育活动，如新海峡时报—马来邮报徒步竞走、梳邦市竞跑、吉隆坡鼠跑赛、怡保国际赛跑、八打灵再也壁球公开锦标赛、全国少年篮球锦标赛、沙巴国际掷镖公开锦标赛、第九届残障人士运动会等等。

公司也把为数不少的款项捐献给贫困人士和团体，如马来西亚儿童希望基金、马来西亚圣翰救伤队、BAKTI 领养基金、早老性痴呆基金会、第一领导基金公共援助计划等。

同样的，多多博彩也对 2006 年年杪柔佛州发生严重水灾的灾黎施予援手，捐献 30 万令吉予水灾救济基金。

在公司的第 18 度农历新年红包施赠运动下，多多博彩捐献了 65 万令吉，惠及大约 15,000 名年龄介于 60 岁以上的贫困乐龄人士。施赠遍及全国 42 个城镇。

除此以外，多多博彩也支持保存我国独特的多元文化结构。除了农历新年红包施赠运动，公司也主办和参与各民族的佳节欢庆活动，如开斋节、屠妖节和古晋的丰收节。

最后，多多博彩也支持许多有意义的社会义举，如马来西亚防止犯罪基金及马来西亚发明与设计会（“MINDS”）的筹款运动。

### 今后展望

马来西亚在 2007 年的经济成长率预料会达至 6%。在 2007 年的上半年，马币令吉走强至 3.40 令吉以下兑一美元，而吉隆坡综合指数则冲破 1,300 点，达到 1997 年亚洲金融危机以来的最高点。政府也宣布各种奖励和措施以提高我国的外来直接投资，同时还展开一些大规模的基建计划。

在这形势之下，多多博彩将继续采取策略以善用消费者开销增加的形态。公司将加紧行销努力，以增加收益和扩大其市场占有率。

在菲律宾，PGMC 策定了一些计划，以提高公司的收益和盈利。这包括提高三种六合彩游戏即 Lotto 6/42，Megalotto 6/45 与 Superlotto 6/49 的最低投注额，由现有的 10 比索增至 20 比索，并推介新的 Powerball 式六合彩游戏。这些计划预料将分别在本财政年度 2007/2008 第三季与第四季实现。

### 申谢

本人谨代表董事部恭贺拿督陈永钦受委为公司新任总裁，并欢迎陈永雪加入董事部。我也要辞去公司总裁职位的丹斯里拿督斯里陈志远致予衷心的感谢，感谢他过去的贡献和宝贵的服务。

董事部也对管理层，全体员工和代理在这一年里尽忠职守和奉献工作致予谢意。对于所有顾客、股东、来往商业伙伴、融资机构和政府机关，我也感谢他们的衷心合作与支援。我也要感谢董事部各位同事的积极参与和提供指导，并期望他们在今后能够继续给予支持。

丹斯里拿督汤耀鸿  
主席  
2007 年 8 月 23 日



多多博彩广告。

拿督黄燕燕医生在拿督陈永钦陪同下分发礼篮给乐龄人士。

拿督 S. Gopalakrishnan, 印度国大党乌鲁冷岳部主席于屠妖节在加影分发礼篮给乐龄人士。



# Significant Events of the Year



Sports Toto Trophy Horse Racing 2006



Nanyang Wushu Federation, Kuching



Ipoh International Run 2006



Kuching Festival Basketball Tournament



Berjaya Classic Charity Golf 2006



Donations to Journalist Association of Kuching



## Sports Toto sponsors Run again

**S**PORTS TOTO did not have any reservations when it opted to be a sponsor for this year's Subang Jaya 10km Run at the Subang Jaya Municipal Council (MPJ) Sports Complex on Nov 5.

Sports Toto public affairs senior manager Liming Kuan said they had been a partner of the event since its inauguration six years ago. "We there was more reasons for us to be part of the Subang Jaya 10km Run. We have seen the event grow in the subsequent years. Today, it is one of the runs that draw the most participation in the country."

"Being part of the Run is also our way of throwing support for community-based programmes," Liming said after handing over Sports Toto's sponsorship to MPJ president Adnan Mohd Nikan.

The Run has 12 categories - 10km men's and women's open (18 years and above), 700m men's and women's veteran (40 years to below 50 years) and men's senior veteran (50 years and above); women's veteran (25 years and above), boys and girls (13 years to below 18 years), men's and women's special (wheelchair participants only), 5km men's and women's special (non-wheelchair participants only) and a 5km Fun Run (adults and children).

Organising chairman Datuk Lee Hwa Bing, who is also Subang Jaya assemblyman, said they were pleased to have Sports Toto as one of the main sponsors.

"Sports Toto has been with the Run since it was launched six years ago. We hope to have them as our partner for the coming years as well," said Lee.

The Subang Jaya 10km Run is organized by MPJ. The Star and the Selangor Amateur Athletics Association. The other sponsors include Digis Telecommunications, Miba and AmBank Group.

Entry forms are available at MPJ, the closing date is Oct 21.

Liming (far left) handing over Sports Toto's sponsorship to Adnan (far right) while the Star's marketing services senior manager Iris Tan (second from left) and Lee look on.

Subang Jaya Run 2006



Sports Toto Beach Volleyball Carnival 2006



Festive Cheer for Children at Selayang Hospital Paediatric Ward



Sepak Takraw Championship "Juara Putra"



Breaking Fast with the Orphans at Kelab Darul Ehsan



Chinese New Year Ang Pow Donation Campaign in East Malaysia



Sports Toto welcoming the Year of the Boar 2007 at Berjaya Times Square, Kuala Lumpur



2007 Sports Toto Chinese New Year Angpow Donation Campaign



Counter Sales Assistants Training 2006



Area Sales Officers Workshop conducted for the Northern, Central and Southern Regions



Deepavali Cheer to Needy Folks and Poor Children in Kajang and Kuala Kubu Bahru



Donation to Flood Victims Relief Fund



MCA Youth Chinese Calligraphy Final Competition



Outstanding Performance Award 2006 (for Agents) Presentation Ceremony to Ms. Agamah d/o Mutusamy (Petaling Jaya)

# Group Financial Summary

Description	2007	2007	2006	2005	2004	2003	2002
	US\$'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	887,122	3,035,288	2,938,322	2,670,206	2,477,296	2,205,646	2,294,343
Profit Before Tax	159,384	545,332	571,914	487,497	437,989	393,583	426,235
Profit For The Year	111,801	382,526	467,314	329,463	297,232	261,842	292,670
Minority Interests	(1,999)	(6,839)	(2,789)	(1,307)	(159,193)	(4,340)	10,830
Profit Attributable To							
Equity Holders Of The Company	109,802	375,687	464,525	328,156	138,039	257,502	303,500
Share Capital	39,487	135,103	675,515	1,212,105	1,037,588	801,315	584,878
Share Premium	60,626	207,431	336,904	296,411	261,607	192,817	144,180
8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS")							
- Equity Component	-	-	-	52,296	133,134	240,702	-
Reserves	104,337	356,990	463,891	443,458	366,719	579,248	1,224,696
Equity Funds	204,450	699,524	1,476,310	2,004,270	1,799,048	1,814,082	1,953,754
Treasury Shares	(82,198)	(281,239)	(238,427)	(373,568)	(215,258)	(206,089)	(162,993)
Premium Over ICULS Bought Back	-	-	-	(57,355)	(57,355)	(35,348)	-
Net Equity Funds	122,252	418,285	1,237,883	1,573,347	1,526,435	1,572,645	1,790,761
Minority Interests	2,975	10,179	10,306	7,429	8,485	(155,116)	(152,585)
Total Equity	125,227	428,464	1,248,189	1,580,776	1,534,920	1,417,529	1,638,176
Provisions	226	774	895	2,223	1,858	1,816	475
Borrowings	105,217	360,000	472,500	-	-	-	-
Deferred Liabilities / Income	13,631	46,639	33,784	32,364	31,528	31,117	30,903
Deferred Tax Liabilities	994	3,400	2,378	17,059	11,889	7,488	3,652
ICULS - Liability Component	-	-	-	18,394	116,865	248,966	-
Current Liabilities	109,297	373,958	325,332	229,399	423,173	349,292	419,193
<b>Total Equity And Liabilities</b>	<b>354,592</b>	<b>1,213,235</b>	<b>2,083,078</b>	<b>1,880,215</b>	<b>2,120,233</b>	<b>2,056,208</b>	<b>2,092,399</b>
Property, Plant & Equipment	26,927	92,132	72,224	72,777	79,453	115,086	123,732
Intangible Assets	180,567	617,810	607,995	609,422	619,768	612,801	642,141
Investments	23,799	81,427	67,542	71,882	85,250	14,719	19,894
Deferred Tax Assets	429	1,468	969	407	243	159	-
Long Term Receivable	-	-	-	3,393	3,504	-	-
Current Assets	122,870	420,398	1,334,348	1,122,334	1,332,015	1,313,443	1,306,632
<b>Total Assets</b>	<b>354,592</b>	<b>1,213,235</b>	<b>2,083,078</b>	<b>1,880,215</b>	<b>2,120,233</b>	<b>2,056,208</b>	<b>2,092,399</b>
Net Tangible (Liabilities)/							
Assets Per Share (Cents/Sen)	(4.55)	(15.58)	48.7	80.4	77.3	93.8	205.6
Net Assets Per Share (Cents/Sen)	9.55	32.66	95.6	134.2	139.3	173.8	320.6
Net Earnings Per Share (Cents/Sen)	8.49	29.05	37.9	32.6	16.3	39.9	54.5
Gross Dividend Rate Per Share (Cents/Sen)	13	45	51	45	28	208 #	50
Net Dividend Amount (US\$'000/RM'000)	123,069	421,079	467,360	343,365	193,342	958,623	199,972

## Note:

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

Exchange rate: US\$1.00=RM3.4215

# This figure includes a special dividend of 170 sen.

# Group Financial Highlights

	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000
	2,333,339	2,339,894	2,176,183	2,170,569
	400,858	384,724	438,206	453,925
	272,595	231,891	439,490	334,400
	11,039	22,583	2,637	-
	283,634	254,474	442,127	334,400
	575,758	575,084	572,339	572,322
	97,731	94,374	80,704	80,642
	-	-	-	-
	1,021,525	856,090	706,073	184,408
	1,695,014	1,525,548	1,359,116	837,372
	(96,358)	(25,744)	-	-
	-	-	-	-
	1,598,656	1,499,804	1,359,116	837,372
	(136,994)	(106,292)	(73,948)	-
	1,461,662	1,393,512	1,285,168	837,372
	365	300	308	-
	-	-	-	-
	32,278	29,939	28,470	26,093
	4,721	5,936	7,087	7,087
	-	-	-	-
	485,165	472,487	427,245	561,050
	<b>1,984,191</b>	<b>1,902,174</b>	<b>1,748,278</b>	<b>1,431,602</b>
	113,937	117,300	117,752	75,155
	644,546	656,545	650,517	547,901
	19,841	15,266	53,117	72,335
	-	-	-	-
	-	-	-	-
	1,205,867	1,113,063	926,892	736,211
	<b>1,984,191</b>	<b>1,902,174</b>	<b>1,748,278</b>	<b>1,431,602</b>
	171.0	147.4	123.8	50.6
	286.6	262.2	237.5	146.3
	50.1	44.5	76.8	58.6
	28	25	20	26
	112,869	102,124	82,395	107,260

Revenue (RM Million)



Profit Before Tax (RM Million)



Net Equity Funds (RM Million)



Total Assets (RM Million)



Net Earnings Per Share (Sen)



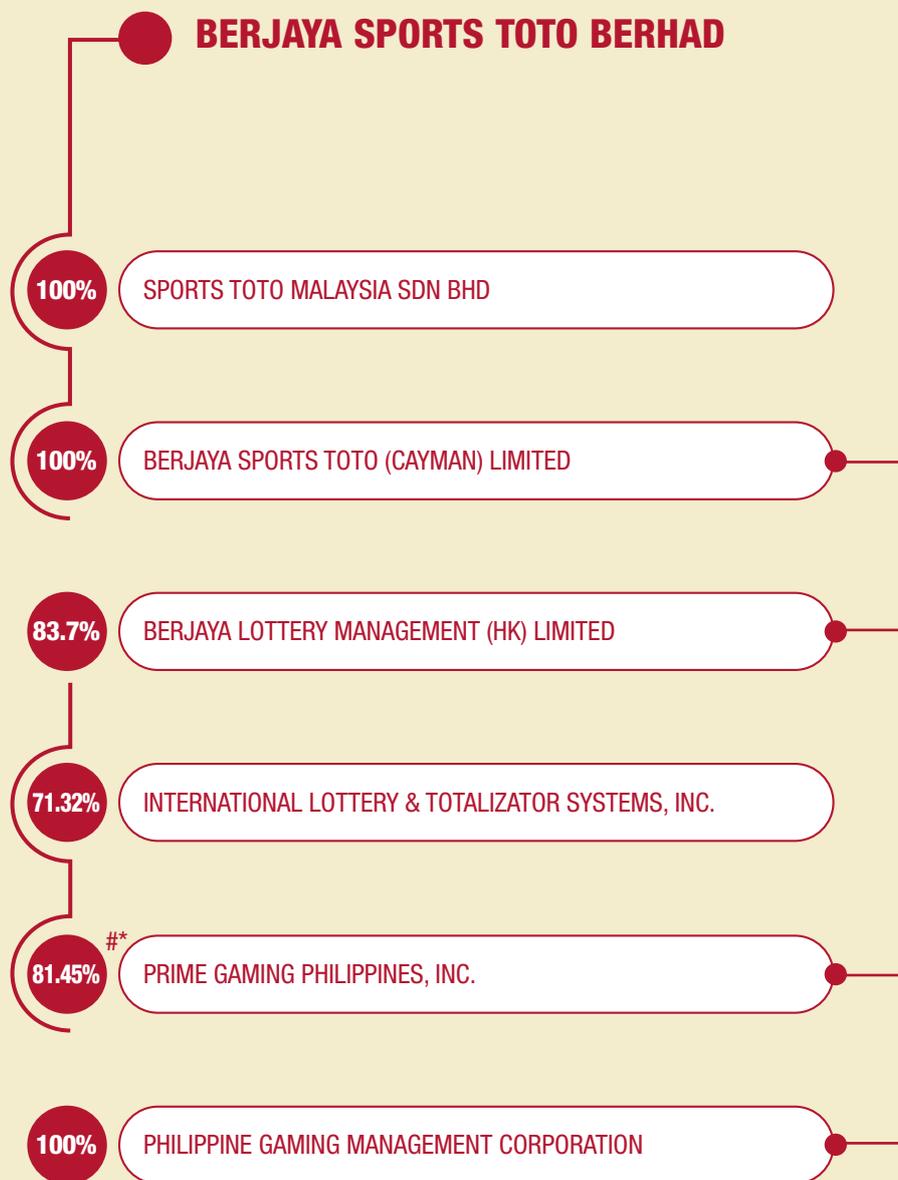
Gross Dividend Rate (Sen)



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

# Corporate Structure

of main operating companies as at 23 August 2007



\* LISTED COMPANY  
# COMBINED INTEREST

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 2007.

## AUDIT COMMITTEE MEMBERS AND MEETING ATTENDANCES

The members of the Audit Committee comprises the following:-

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

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

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

The Audit Committee held five (5) meetings during the financial year ended 30 April 2007. The details of attendance of the Audit Committee members are as follows:-

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

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

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 April 2007, 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 2007, the Internal Audit Department carried out various audit assignments on STMSB. The areas audited included branch audit of company's sales offices, audit of Head Office operating departments, IT audit and software testing of on-line gaming systems. Internal audit reports were issued to the Audit Committee and the STMSB management, incorporating audit recommendations and management's responses with regard to any audit findings on the weaknesses in the systems and controls of the operation. The Internal Audit Department also followed up with management on the implementation of the agreed audit recommendations.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 1. Membership

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

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

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

### 2. Chairman

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

### 3. Secretary

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

# Audit Committee Report

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

# Statement on Corporate Governance

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

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

## A) DIRECTORS

### i) The Board

The Board is primarily responsible for the strategic direction of the Group. The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. For the financial year ended 30 April 2007, the Board met four (4) times. The record of attendance for the Directors who held office during the said financial year is set out below:-

Directors	Attendance
Tan Sri Dato’ Thong Yaw Hong #	4/4
Dato’ Robin Tan Yeong Ching	4/4
Ng Foo Leong	4/4
Datuk Robert Yong Kuen Loke	4/4
Chan Kien Sing	4/4
Freddie Pang Hock Cheng	3/4
Tan Sri Dato’ Jaffar Bin Abdul #	4/4
Mohamed Saleh Bin Gomu #	4/4
Rayvin Tan Yeong Sheik (Appointed on 19.10.2006)	1/2*

# Denotes Independent / Non-Executive Directors  
\* Reflects the attendance and the number of meetings held during the period the Director held office.

### ii) Board Balance

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

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

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

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

There is a clearly accepted division of responsibilities between the Chairman and Chief Executive Officer to ensure a balance of power and authority. The Chairman

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

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

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

### iii) Supply of Information

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

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

### iv) Appointment to the Board

The Nomination Committee currently comprise the following members:-

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

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

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

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

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

## Statement on Corporate Governance

### v) Directors' Training

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are mindful that they should continually attend seminars and courses to keep abreast with developments in the market place as well as new regulations and statutory requirements.

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

### 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

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

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

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

### ii) Details of the Directors' Remuneration

The aggregate Directors' remuneration paid or payable to the Directors in office at the end of the financial year by the Company and the Group categorised into appropriate components for the financial year ended 30 April 2007 are as follows:-

	Executive	Non-Executive	Total
	RM'000		
Fees	10	135	145
Benefits-in-kind	71	-	71
Salaries and other emoluments	5,020	363	5,383
Bonus	1,039	26	1,065
	6,140	524	6,664

The number of Directors of the Company in office at the end of the financial year and whose total remuneration from the Group falling within the respective band are as follows:-

	Number of Directors	
	Executive	Non-Executive
RM1 - RM50,000	-	2
RM350,001 - RM400,000	1	-
RM400,001 - RM450,000	-	1
RM850,001 - RM900,000	1	-
RM1,000,001 - RM1,050,000	1	-
RM1,050,001 - RM1,100,000	1	-
RM1,250,001 - RM1,300,000	1	-
RM1,450,001 - RM1,500,000	1	-
	6	3

## C) RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

The Group maintains a website at [www.berjaya.cc](http://www.berjaya.cc) where shareholders as well as members of the public 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 Financial Reporting 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 financial reporting 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 26 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. The management of the Group as a whole is assigned to the Executive Directors.

The Company has established a Risk Management Committee (“RMC”) 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. During the financial year ended 30 April 2007, the RMC held 4 meetings to review the reports tabled by the Risk Management Working Committee (“RMWC”) made up of all heads of departments of the principal subsidiary company. The RMC had evaluated and monitored the progress of any risk factors and internal control matters relating to the operations raised by the RMWC. The members of the RMC are Tan Sri Dato’ Thong Yaw Hong (Chairman), Tan Sri Dato’ Jaffar bin Abdul, Mohamed Saleh bin Gomu, Datuk Robert Yong Kuen Loke and Ng Foo Leong. The RMC terms of reference include, inter alia :

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

The 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 the internal auditors on findings from their visits to the operating units, as well as from the external auditors on areas for improvement identified during the course of their statutory audit. The Board reviews the minutes of the Audit Committee’s meetings. The Report of the Audit Committee is set out on pages 21 to 22 of the Annual Report.

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 provide the 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 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 the outlets are well controlled and in line with the operating procedures.

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

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

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 2007

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 2007.

## 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

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the year	382,526	427,484
Attributable to :		
Equity holders of the Company	375,687	427,484
Minority interests	6,839	-
	<b>382,526</b>	<b>427,484</b>

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than :

- a) the effects arising from the changes in accounting policies due to the adoption of the new and revised FRSs as disclosed in Note 2.3 to the financial statements.
- b) the effect arising from changes in estimates where residual values of certain motor vehicles were revised resulting in an increase in the Group's profit for the year by RM2.3 million as disclosed in Note 2.5 to the financial statements.
- c) the reversal of impairment in value of investment in a subsidiary company of RM35,063,000 as disclosed in Note 2.6(c) to the financial statements.

## DIVIDENDS

The amount of dividends paid by the Company since 30 April 2006 were as follows :

	<b>RM'000</b>
<u>In respect of the financial year ended 30 April 2006 as reported in the Directors' Report of that year :</u>	
Fourth interim gross dividend of 15 sen per share on 1,294,730,072 ordinary shares with voting rights, less income tax of 28%, paid on 30 August 2006	139,831

**DIVIDENDS (CONT'D)**

	<b>RM'000</b>
<u>In respect of the financial year ended 30 April 2007 :</u>	
First interim gross dividend of 12.5 sen per share on 1,294,730,072 ordinary shares with voting rights, less income tax of 28%, paid on 9 October 2006	116,526
Second interim gross dividend of 12.5 sen per share on 1,294,730,072 ordinary shares with voting rights, less income tax of 27%, paid on 15 January 2007	118,144
Third interim gross dividend of 12.5 sen per share on 1,284,730,072 ordinary shares with voting rights, less income tax of 27%, paid on 9 April 2007	<u>117,231</u>
	<u>491,732</u>
 The Directors declared and approved on 28 June 2007 a fourth interim gross dividend of 7.5 sen per share on 1,263,530,072 ordinary shares with voting rights (as at date of this report), less income tax of 27%, payable on 30 August 2007 in respect of financial year ended 30 April 2007	 <u>69,178</u>

The Directors do not recommend any payment of final dividend in respect of current financial year.

**DIRECTORS**

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  
Dato' Robin Tan Yeong Ching  
Ng Foo Leong  
Datuk Robert Yong Kuen Loke  
Chan Kien Sing  
Freddie Pang Hock Cheng  
Tan Sri Dato' Jaffar Bin Abdul  
Mohamed Saleh Bin Gomu  
Rayvin Tan Yeong Sheik (Appointed on 19 October 2006)  
Tan Sri Dato' Seri Vincent Tan Chee Yioun (Resigned on 21 December 2006)

**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 or the fixed salary of a full time employee of the Company as shown in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 36 to the financial statements.

# Directors' Report

for the year ended 30 April 2007

## DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 each #			
	At 1.5.06/ date of appointment	Acquired	Disposed	At 30.4.07
<b>The Company</b>				
Tan Sri Dato' Thong Yaw Hong	538,000	-	-	538,000
	200,000 *	-	-	200,000 *
Ng Foo Leong	3,400,000	200,000	-	3,600,000
Dato' Robin Tan Yeong Ching	662,000	70,000	-	732,000
Rayvin Tan Yeong Sheik	84,000	-	-	84,000
Datuk Robert Yong Kuen Loke	1,826,200	-	-	1,826,200
Chan Kien Sing	3,200	-	-	3,200
Freddie Pang Hock Cheng	512,800	-	(150,000)	362,800
Tan Sri Dato' Jaffar Bin Abdul	103,750	-	-	103,750

# As at 30 April 2007, the par value of the ordinary shares in issue has been reduced from RM0.50 each to RM0.10 each from the effect of the second capital distribution of RM0.50 each via a reduction of RM0.40 from share capital and RM0.10 from the share premium account ("Second Capital Distribution") on 6 July 2006.

\* Denotes indirect interests

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

## SHARE CAPITAL AND TREASURY SHARES

On 6 July 2006, the Company effected its Second Capital Distribution. The Second Capital Distribution amounting to RM647,365,036 was paid on 14 July 2006. Consequently, the share capital of the Company of RM675,515,036 comprising 1,351,030,072 ordinary shares of RM0.50 each (including the 56,300,000 treasury shares of RM0.50 each) was reduced to RM135,103,007 comprising 1,351,030,072 ordinary shares of RM0.10 each (Note 15). The cost of the 56,300,000 treasury shares was reduced by the credit of RM22,520,000 from the reduction of the par value of the treasury shares accordingly pursuant to the Second Capital Distribution (Note 19).

Subsequent to the Second Capital Distribution, the Company bought back 14,200,000 ordinary shares of RM0.10 each for approximately RM65,332,000 at an average price of RM4.60 per share from the open market with internally generated funds.

## SHARE CAPITAL AND TREASURY SHARES (CONT'D)

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

	No. of shares		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
Balance as at 1 May	56,300	78,600	238,427	373,568
Increase in treasury shares during the year before the First Capital Distribution	-	6,400	-	27,194
Reduction of treasury shares par value pursuant to the First Capital Distribution	-	-	-	(42,500)
Reduction of treasury shares par value pursuant to the Second Capital Distribution	-	-	(22,520)	-
Balance as at 6 July 2006 / 26 September 2005	56,300	85,000	215,907	358,262
Increase in additional treasury shares after the First Capital Distribution	-	12,342	-	53,972
Increase in additional treasury shares after the Second Capital Distribution	14,200	-	65,332	-
Total treasury shares before disposal	70,500	97,342	281,239	412,234
Disposal of treasury shares	-	(41,042)	-	(173,807)
Total treasury shares in hand as at 30 April (Note 19)	70,500	56,300	281,239	238,427

As at 30 April 2007, the issued and paid up share capital of the Company with voting rights was 1,280,530,072 ordinary shares of RM0.10 each (2006 : 1,294,730,072 ordinary shares of RM0.50 each).

Subsequent to the financial year end and up to the date of this report, the Company bought back additional 17,000,000 ordinary shares of RM0.10 each for approximately RM87,916,000 at an average price of RM5.17 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 87,500,000 ordinary shares and the issued and paid-up share capital with voting rights is 1,263,530,072 ordinary shares of RM0.10 each.

## 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 there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render :
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in these financial statements inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

# Directors' Report

for the year ended 30 April 2007

## OTHER STATUTORY INFORMATION (CONT'D)

(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

In addition to the significant events disclosed elsewhere in this report, other significant events during the financial year are as disclosed in Note 39 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 dated 10 August 2007.

**TAN SRI DATO' THONG YAW HONG**

**DATO' ROBIN TAN YEONG CHING**

# Statement by Directors

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

We, TAN SRI DATO' THONG YAW HONG and DATO' ROBIN TAN YEONG CHING , 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 35 to 84 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting 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 2007 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 dated 10 August 2007.

**TAN SRI DATO' THONG YAW HONG**

**DATO' ROBIN TAN YEONG CHING**

# 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 35 to 84 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 10 August 2007 }

**Datuk Robert Yong Kuen Loke**

Before me,

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

# Report of the Auditors

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

We have audited the financial statements set out on pages 35 to 84. 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 Financial Reporting 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 2007 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 Act.

**ERNST & YOUNG**  
AF:0039  
Chartered Accountants

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

Kuala Lumpur, Malaysia  
10 August 2007

# Balance Sheets

as at 30 April 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	92,132	72,224	7,614	6,621
Investment in subsidiary companies	4	-	-	640,603	605,540
Investment in associated companies	5	165	319	165	167
Long term investments	6	13,231	14,629	-	-
Investment properties	7	68,031	52,594	-	-
Deferred tax assets	8	1,468	969	-	-
Intangible assets	9	617,810	607,995	-	-
		792,837	748,730	648,382	612,328
<b>Current assets</b>					
Inventories	10	10,284	14,674	-	-
Receivables	11	67,881	88,723	2,850	5,932
Tax recoverable		10,444	6,185	10,421	3,598
Amounts due from subsidiary and affiliated companies	12	75,056	550,335	306,098	763,484
Short term investments	13	8,811	14,689	-	-
Deposits with financial institutions	14	226,466	626,099	1,303	272,915
Cash and bank balances		20,394	33,643	1,109	3,981
		419,336	1,334,348	321,781	1,049,910
Asset classified as held for sale	6	1,062	-	-	-
		420,398	1,334,348	321,781	1,049,910
<b>TOTAL ASSETS</b>		<b>1,213,235</b>	<b>2,083,078</b>	<b>970,163</b>	<b>1,662,238</b>

## Balance Sheets

as at 30 April 2007 (cont'd)

	Note	Group		Company	
		2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	15	135,103	675,515	135,103	675,515
Share premium	16	207,431	336,904	207,431	336,904
Exchange reserve	17	10,768	9,945	-	-
Retained earnings	18	346,222	453,946	247,057	311,305
Equity funds		699,524	1,476,310	589,591	1,323,724
Treasury shares	19	(281,239)	(238,427)	(281,239)	(238,427)
Net equity funds		418,285	1,237,883	308,352	1,085,297
<b>Minority interests</b>		10,179	10,306	-	-
<b>Total equity</b>		428,464	1,248,189	308,352	1,085,297
<b>Non-current liabilities</b>					
Provisions	20	774	895	-	-
Borrowings	21	360,000	472,500	-	-
Deferred liabilities / income	22	46,639	33,784	-	-
Deferred tax liabilities	8	3,400	2,378	430	217
		410,813	509,557	430	217
<b>Current liabilities</b>					
Provisions	20	832	1,374	-	-
Payables	23	205,348	219,163	2,182	4,080
Amounts due to subsidiary and affiliated companies	24	605	344	659,199	572,644
Borrowings	21	112,500	102,500	-	-
Tax payable		54,673	1,951	-	-
		373,958	325,332	661,381	576,724
<b>TOTAL LIABILITIES</b>		784,771	834,889	661,811	576,941
<b>TOTAL EQUITY AND LIABILITIES</b>		1,213,235	2,083,078	970,163	1,662,238

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

# Income Statements

for the financial year ended 30 April 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	25	3,035,288	2,938,322	567,886	455,178
Cost of Sales		(2,241,063)	(2,178,807)	-	-
<b>GROSS PROFIT</b>		<b>794,225</b>	<b>759,515</b>	<b>567,886</b>	<b>455,178</b>
Selling and distribution costs		(108,241)	(115,461)	-	-
General and administrative expenses		(143,996)	(122,749)	(8,857)	(5,075)
<b>PROFIT BEFORE OTHER INCOME AND EXPENSES</b>	26	<b>541,988</b>	<b>521,305</b>	<b>559,029</b>	<b>450,103</b>
Investment related income	27	1,097	24,811	35,063	-
Investment related expenses	28	(1,229)	(4,721)	(2)	-
Other income	29	32,224	51,368	18,244	40,973
		574,080	592,763	612,334	491,076
Finance costs	30	(28,746)	(20,849)	(38,217)	(26,993)
Share of results of an associated company		(2)	-	-	-
<b>PROFIT BEFORE TAX</b>		<b>545,332</b>	<b>571,914</b>	<b>574,117</b>	<b>464,083</b>
Income tax expense	31	(162,806)	(104,600)	(146,633)	(130,331)
<b>PROFIT FOR THE YEAR</b>		<b>382,526</b>	<b>467,314</b>	<b>427,484</b>	<b>333,752</b>
<b>ATTRIBUTABLE TO :</b>					
Equity holders of the Company		375,687	464,525	427,484	333,752
Minority interests		6,839	2,789	-	-
		382,526	467,314	427,484	333,752
Earnings per share attributable to equity holders of the Company	32				
- Basic (sen)		29.05	37.89		
<b>NET DIVIDENDS PER SHARE (SEN)</b>	33				
- First interim dividend				9.00	9.00
- Second interim dividend				9.13	9.00
- Third interim dividend				9.13	7.92
- Fourth interim dividend				5.48	10.80

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

# Statement of Changes in Equity

for the financial year ended 30 April 2007

	Attributable to Equity Holders of the Parent										
	Non-distributable						Distributable		Total to holders of parent company	Minority interests	Total Equity
	Share capital	Treasury shares	ICULS-equity component	Premium over ICULS	Share premium	Exchange reserve	Retained earnings	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>GROUP</b>											
As at 1 May 2005	1,212,105	(373,568)	52,296	(57,355)	296,411	1,519	441,939	1,573,347	7,429	1,580,776	
Issue of ordinary shares	135,274	-	-	-	30,414	-	-	165,688	-	165,688	
Share issuing expenses	-	-	-	-	(25)	-	-	(25)	-	(25)	
First Capital Distribution	(671,864)	42,500	-	-	-	-	-	(629,364)	-	(629,364)	
10-year 8% Irredeemable Convertible Unsecured Loan Stocks 2002/2012 ("ICULS") - equity component	-	-	(52,299)	-	-	-	-	(52,299)	-	(52,299)	
Realisation of premium over ICULS bought back arising from disposal	-	-	-	57,355	-	-	-	57,355	-	57,355	
Foreign currency translation of foreign subsidiary companies	-	-	-	-	-	8,426	-	8,426	88	8,514	
Adjustment for the cost from accumulated extinguished liability component of ICULS resulting from early conversion	-	-	3	-	-	-	(35,215)	(35,212)	-	(35,212)	
Profit for the year	-	-	-	-	-	-	464,525	464,525	2,789	467,314	
Dividends	-	-	-	-	-	-	(417,303)	(417,303)	-	(417,303)	
Treasury shares	-	(81,166)	-	-	-	-	-	(81,166)	-	(81,166)	
Disposal of treasury shares	-	173,807	-	-	10,104	-	-	183,911	-	183,911	
As at 30 April 2006	675,515	(238,427)	-	-	336,904	9,945	453,946	1,237,883	10,306	1,248,189	

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

# Statement of Changes in Equity

for the financial year ended 30 April 2007

	Attributable to Equity Holders of the Parent									
	Non-distributable					Distributable				
	Share capital	Treasury shares	ICULS-equity component	Premium over ICULS	Share premium	Exchange reserve	Retained earnings	Total to holders of parent company	Minority interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>GROUP (CONT'D)</b>										
As at 1 May 2006	675,515	(238,427)	-	-	336,904	9,945	453,946	1,237,883	10,306	1,248,189
Effects on adopting FRS 140	-	-	-	-	-	-	10,776	10,776	-	10,776
	675,515	(238,427)	-	-	336,904	9,945	464,722	1,248,659	10,306	1,258,965
Second Capital Distribution	(540,412)	22,520	-	-	(129,473)	-	-	(647,365)	-	(647,365)
Foreign currency translation of foreign subsidiary companies	-	-	-	-	-	823	-	823	2,399	3,222
Loss on accretion of parent's equity interest due to foreign subsidiary company's share buyback	-	-	-	-	-	-	(2,455)	(2,455)	(1,778)	(4,233)
Adjustment due to parent's increase equity interest in subsidiary company	-	-	-	-	-	-	-	-	(7,587)	(7,587)
Profit for the year	-	-	-	-	-	-	375,687	375,687	6,839	382,526
Dividends	-	-	-	-	-	-	(491,732)	(491,732)	-	(491,732)
Treasury shares	-	(65,332)	-	-	-	-	-	(65,332)	-	(65,332)
As at 30 April 2007	135,103	(281,239)	-	-	207,431	10,768	346,222	418,285	10,179	428,464

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

## Statement of Changes in Equity

for the financial year ended 30 April 2007

	Share capital	Treasury shares	Non-distributable		Distributable	Total Equity
			ICULS-equity component	Share premium	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>COMPANY</b>						
As at 1 May 2005	1,212,105	(373,568)	64,570	296,411	430,071	1,629,589
Issue of shares	135,274	-	-	30,414	-	165,688
Share issuing expenses	-	-	-	(25)	-	(25)
First Capital Distribution	(671,864)	42,500	-	-	-	(629,364)
Adjustment for the cost from accumulated extinguished liability component of ICULS resulting from early conversion	-	-	3	-	(35,215)	(35,212)
ICULS - equity component	-	-	(64,573)	-	-	(64,573)
Profit for the year	-	-	-	-	333,752	333,752
Dividends	-	-	-	-	(417,303)	(417,303)
Treasury shares	-	(81,166)	-	-	-	(81,166)
Disposal of treasury shares	-	173,807	-	10,104	-	183,911
As at 30 April 2006	675,515	(238,427)	-	336,904	311,305	1,085,297
As at 1 May 2006	675,515	(238,427)	-	336,904	311,305	1,085,297
Second Capital Distribution	(540,412)	22,520	-	(129,473)	-	(647,365)
Profit for the year	-	-	-	-	427,484	427,484
Dividends	-	-	-	-	(491,732)	(491,732)
Treasury shares	-	(65,332)	-	-	-	(65,332)
As at 30 April 2007	135,103	(281,239)	-	207,431	247,057	308,352

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

# Consolidated Cash Flow Statement

for the financial year ended 30 April 2007

	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,335,464	3,206,260
Payments to prize winners, suppliers and for other operating expenses	(2,256,065)	(2,178,411)
Payments for pool betting duties, gaming tax and other government contributions	(497,054)	(465,407)
Payment of taxes	(117,579)	(150,434)
Other receipts	70	151
Net cash flow generated from operating activities	464,836	412,159
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from disposal of property, plant and equipment	714	647
Net proceeds from disposal of treasury ICULS	-	114,005
Net proceeds from disposal of other investments	66,114	2,906
Net proceeds from disposal of an associated company	152	-
Acquisition of property, plant and equipment	(32,703)	(16,385)
Acquisition of long term investments, including ICULS bought back by a subsidiary company in previous year	(985)	(5,960)
Acquisition of short term investments	(60,198)	(14,689)
Acquisition of treasury shares by a subsidiary company	(4,419)	-
Acquisition of additional equity interest in a subsidiary company	(16,844)	-
Payment for subsequent expenditure/acquisition of investment properties	(455)	(660)
Interest received	14,441	12,766
Other receipts arising from investments	5,922	550
Repayment of advances from an affiliated company	488,501	176,993
Repayment of advances from affiliated companies	391	456
Repayment to affiliated companies	(850)	(790)
Net cash flow generated from investing activities	459,781	269,839
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	-	26,313
Capital Distribution	(647,150)	(629,042)
Drawdown of bank borrowings	200,000	600,000
Repayment of borrowings	(302,500)	(28,317)
Interest paid on ICULS	-	(4,108)
Interest paid on bank borrowings	(28,907)	(14,544)
Share issuing expenses	-	(25)
Dividends paid	(492,751)	(418,650)
Treasury shares acquired	(65,332)	(81,166)
Net proceeds from disposal of treasury shares	-	183,911
Net cash flow used in financing activities	(1,336,640)	(365,628)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(412,023)	316,370
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	659,742	343,574
Effects of exchange rate changes	(859)	(202)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)</b>	246,860	659,742
<b>Note A Cash and cash equivalents comprise the following :</b>		
Deposits with financial institutions	226,466	626,099
Cash and bank balances	20,394	33,643
	246,860	659,742

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

# Cash Flow Statement

for the financial year ended 30 April 2007

	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment for operating expenses	(7,689)	(7,165)
Payment for tax	-	(3,399)
Dividend received	414,325	327,499
Net cash flow generated from operating activities	406,636	316,935
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,866)	(6,514)
Interest received	3,840	5,260
Repayment of advances from an affiliated company	488,501	176,993
Advance from a subsidiary company	49,039	458,343
Repayment of advances from affiliated and subsidiary companies	3,926	107,544
Repayment to and advances given to subsidiary companies	(21,327)	(6,118)
Other receipts arising from investments	2,000	-
Net cash flow generated from investing activities	524,113	735,508
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	-	26,313
Capital Distribution	(647,150)	(629,042)
Interest paid	-	(5,208)
Dividends paid	(492,751)	(418,186)
Share issuing expenses	-	(25)
Treasury shares acquired	(65,332)	(81,166)
Net proceeds from disposal of treasury shares	-	183,911
Net cash flow used in financing activities	(1,205,233)	(923,403)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(274,484)	129,040
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	276,896	147,856
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note A)</b>	2,412	276,896
<b>Note A Cash and cash equivalents comprise the following :</b>		
Deposits with financial institutions	1,303	272,915
Cash and bank balances	1,109	3,981
	2,412	276,896

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

## 1 CORPORATE INFORMATION

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

The principal activities of the Group are :

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi 55100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 August 2007.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 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 Financial Reporting Standards (“FRSs”) in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described in Note 2.3.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except otherwise indicated.

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are those entities 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 existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition and continue to be consolidated until the date such control ceases. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary 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 cost cannot be recovered.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (a) Subsidiaries and Basis of Consolidation (cont'd)

Minority interests represents the portion of the results for the year and net assets in subsidiaries not held by the Group. Minority interests is measured at the minorities' share of fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses.

#### (b) Associated companies

Associated companies are entities in which the Group has significant influence and where the Group participates in its financial and operating policies through Board representation. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the companies concerned made up to the Group's financial year-end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method of accounting, the Group's investment in associated companies is initially recognised in the consolidated balance sheet at cost adjusted for the Group's share of post-acquisition changes in the share of the net assets of the associated companies, less impairment losses. The Group's share of results of associated companies during the financial year is included in the consolidated financial statements. 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 until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's profit and loss in the period in which the investment is acquired.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company including any long-term interest that, in substance, form part of the Group's net investment in the associated company, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associated companies.

In the Company's separate financial statements, investment in associated companies are stated at cost less impairment losses.

#### (c) Intangible assets

##### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### (ii) Other intangible assets

The cost of intangible assets acquired in a business combination is at their fair values as at the date of acquisition. The intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed yearly at each balance sheet date.

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (cont'd)****(c) Intangible assets (cont'd)****(ii) Other intangible assets (cont'd)****Research and development costs**

Research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

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

Property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land that has an unlimited useful life is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

**(e) Investment properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent professional valuers.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year in which they arise.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (e) Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in income statement in the year in which they arise.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in income statement. Upon disposal of the investment property, any surplus previously recorded in equity is transferred to retained earnings.

#### (f) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than investment properties, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in income statement in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement.

#### (g) Inventories

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

Property inventories 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.

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Summary of Significant Accounting Policies (cont'd)****(h) Financial instruments**

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**(i) Cash and cash equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(ii) Investments****Non-current investments**

Non-current investments comprise quoted and unquoted securities, Malaysian Government Securities ("MGS"), bonds and club membership but exclude investments in subsidiaries, associates, jointly controlled entities and investment properties, are stated at cost less impairment loss. Impairment losses are recognised for all declines in value other than temporary.

**Short term investments**

Short term investments are stated at lower of cost and net realisable value.

**(iii) Receivables**

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(iv) Payables**

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

**(v) Interest bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

**(vi) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

**(i) Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases. Lease rental under operating lease is recognised as an expense in the income statement on a straight line basis over the term of the relevant lease.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (j) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (k) Income tax

Tax expense for the year comprises current and deferred tax. 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 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.

Deferred tax is not recognised if the temporary difference arises from goodwill which are not deductible for tax purposes or from the initial recognition of assets or liabilities in a transaction which is not a business combination and 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.

Deferred tax is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case it is included in the resulting goodwill or negative goodwill.

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.

#### (l) Provisions

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

#### (m) Employee benefits

##### (i) Short term benefits

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

##### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

##### (iii) Retirement benefit obligations

Pension benefits are provided to employees of the Group's foreign subsidiaries through a defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the Group even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long term benefit fund, as well as qualifying insurance policies.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (m) Employee benefits (cont'd)

##### (iii) Retirement benefit obligations (cont'd)

The liability recognised in the consolidated balance sheet for defined benefit plans is the present value of the defined benefit obligation ("DBO") at the consolidated balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The DBO is regularly calculated by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses are not recognised as an expense unless the total unrecognised gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged to or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains or losses within the 10% corridor are disclosed separately. Past service costs are recognised immediately in the income statements, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

#### (n) Foreign currencies

##### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

##### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statements except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the Group's income statement or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statements except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### (iii) Foreign operations

The results and financial position of the foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM at the rates ruling at the balance sheet date for assets and liabilities. Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transaction. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the closing rate at the balance sheet date. Exchange differences on translation of the net assets of foreign subsidiary companies are dealt with through an exchange reserve.

# Notes to the Financial Statements

30 April 2007

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (n) Foreign currencies (cont'd)

##### (iii) Foreign operations (cont'd)

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

	30.4.2007 RM	30.4.2006 RM
1 United States Dollar	3.4215	3.6250
1 Hong Kong Dollar	0.4375	0.4675
1 Philippines Peso	0.0722	0.0700

#### (o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

##### (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) Dividend 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) Interest income

Interest income is recognised on an accrual basis unless recoverability is in doubt.

##### (iv) Rental income

Rental income is recognised based on the accrual basis unless collection is in doubt, in which case it is recognised on receipt basis.

##### (v) Management fee income

Management fee income is recognised on an accrual basis.

##### (vi) Lottery equipment lease rental

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

##### (vii) Lottery products sales, services and licencing 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.

##### (viii) Property inventories

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.

#### (p) 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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (p) Segmental reporting (cont'd)

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.

### 2.3 Changes in Accounting Policies and Effects Arising From Adoption of New and Revised FRSs

The Malaysian Accounting Standards Board ("MASB") has issued a number of new and revised FRSs that are effective for financial periods beginning on or after 1 January 2006.

Except for the changes in accounting policies and their effects as set out below, the new and revised FRSs do not have any other significant impact on the financial statements of the Group and Company :

#### (a) FRS 5 : Non-Current Assets Held For Sale

Prior to 1 May 2006, non-current assets held for sale were neither classified nor presented as current assets. There were no differences in the measurement of non-current assets held for sale and those for continuing use. Upon the adoption of FRS 5, non-current assets held for sale are classified as current assets and are stated at the lower of carrying amount and fair value.

The Group has applied FRS 5 prospectively in accordance with the transitional provision. The effects on the balance sheet as at 30 April 2007 are set out in Note 2.3(f). This change has no impact on the consolidated income statement for the financial year ended 30 April 2007 and on the Company's financial statements.

#### (b) FRS 101 : Presentation of Financial Statements

Prior to 1 May 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit and loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expense for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 May 2006, the Group's share of taxation of associated companies was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associated companies are now included in the share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively. The change for Group's share of taxation of associated companies has no impact on the Group as there is no sharing of taxation of the associated companies since they are not in taxable income position. These changes in presentation have no impact on the Company's financial statements.

#### (c) FRS 140 : Investment Property

Prior to 1 May 2006, investment properties were stated at cost less impairment losses. Upon the adoption of FRS 140, investment properties are now stated at fair values and gains and losses arising from changes in fair values are recognised in profit or loss in the year in which they arise.

The adoption of FRS 140 has also resulted in identification of properties that meets the definition of investment properties but were previously classified within property, plant and equipment.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has had no impact on amounts reported for 2006 or prior years except for the reclassification from property, plant and equipment to investment properties. The reclassification has been accounted for retrospectively and as disclosed in Note 2.3(g), certain comparatives have been restated.

# Notes to the Financial Statements

30 April 2007

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Changes in Accounting Policies and Effects Arising From Adoption of New and Revised FRSs (cont'd)

#### (c) FRS 140 : Investment Property (cont'd)

The changes have been accounted for by the adjustment to the opening balances of the Group as at 1 May 2006 :

	As at 1 May 2006 RM'000
Increase in investment properties	14,562
Increase in retained earnings	10,776
Increase in deferred tax liabilities	3,786

The effects on the consolidated balance sheet as at 30 April 2007 and the consolidated income statement for the financial year ended 30 April 2007 are as set out in Note 2.3(f). There were no effects on the Company's financial statements.

#### (d) FRS 3 : Business Combination (Accounting for acquisitions)

Prior to 1 May 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably. The change did not materially affect the financial statements of the Group and the Company.

#### (e) FRS 121 : The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is the Company's functional and presentation currency.

The adoption of FRS 121 has resulted in the reassessment of the appropriateness of use of functional currency of certain foreign subsidiary companies of the Group and this has led to the restatement of the financials of these companies to their designated functional currencies. The change did not materially affect the financial statements of the Group and the Company.

#### (f) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The followings provide estimates of the extent to which each of the line items in the balance sheet for the year ended 30 April 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

Description of changes	Increase / (Decrease)	
	FRS 5 Note 2.3(a) RM'000	FRS 140 Note 2.3(c) RM'000
<b>Group</b>		
<b>Effects on balance sheet as at 30 April 2007</b>		
Retained earnings	-	(10,776)
Long term investments	1,062	-
Asset classified as held for sale	(1,062)	-
Investment properties (Note 7)	-	(14,562)
Deferred tax liabilities (Note 8)	-	(3,786)
<b>Effects on income statement for the year ended 30 April 2007</b>		
Investment related income	-	(420)
Depreciation of property, plant and equipment	-	97

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Changes in Accounting Policies and Effects Arising From Adoption of New and Revised FRSs (cont'd)

#### (g) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs :

Group	Previously stated RM'000	Increase/ (decrease) FRS140 Note 2.3(c) RM'000	Restated RM'000
<b>Balance sheet</b>			
<b>At 30 April 2006</b>			
Property, plant and equipment			
- Cost	167,959	(5,074)	162,885
- Accumulated depreciation	( 91,641)	1,011	(90,630)
Investment properties	48,531	4,063	52,594
<b>Income statement</b>			
<b>For the year ended 30 April 2006</b>			
Depreciation of property, plant and equipment	12,116	(97)	12,019
Investment properties - Depreciation of properties previously classified under property, plant and equipment	-	97	97

### 2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company :

New and Revised FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 117 : Leases	1 October 2006
FRS 124 : Related Party Disclosures	1 October 2006
FRS 139 : Financial Instruments : Recognition and Measurement	Deferred
FRS 6 : Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 <sub>2004</sub> : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5 : Rights to Interests arising from Decommissioning Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6 : Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7 : Applying the Restatement Approach under FRS 129 <sub>2004</sub> : - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8 : Scope of FRS 2	1 July 2007
FRS 107 : Cash Flow Statements	1 July 2007
FRS 111 : Construction Contract	1 July 2007
FRS 112 : Income Taxes	1 July 2007
FRS 118 : Revenue	1 July 2007
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134 : Interim Financial Reporting	1 July 2007
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Standards and Interpretations Issued but Not Yet Effective (cont'd)

The new and revised FRSs, amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company have not early adopt the FRSs 117, 124 and 139 and are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of these Standards.

### 2.5 Changes in Estimates

The revised FRS 116 : Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the residual values of motor vehicles with effect from 1 May 2006. The revision was accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been reduced by RM2.3 million.

### 2.6 Significant Accounting Estimates and Judgements

#### (a) Critical judgements made in applying accounting policies

The following are the judgements made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for own use. Since these properties cannot be sold separately and the portion held for own use is insignificant, the Group has classified the whole of the properties as investment properties.

#### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

##### (ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

#### (c) Reversal of impairment in value of investment in a subsidiary company

During the financial year, the Company has considered the impact of impairment on the carrying amount of its investment in subsidiaries. An impairment test based on the assessment of the market price of the major foreign subsidiary companies that are traded in foreign markets has been performed and this has resulted in the reversal of impairment in value of investment in a subsidiary company of RM35,063,000.

## 3 PROPERTY, PLANT AND EQUIPMENT

	Net book value as at 1 May 2006	Additions	Disposal	Write off	Reclassifications	Translation exchange differences	Depreciation	Net book value as at 30 April 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>								
<b>As at 30 April 2007</b>								
Long leasehold land	2,580	-	-	-	-	-	-	2,580
Buildings - shoplots	1,617	-	-	-	-	-	(41)	1,576
Plant and machinery	196	-	-	-	-	(8)	(72)	116
Computer equipment	39,603	21,855	(24)	(2)	62	(66)	(7,022)	54,406
Office equipment	2,221	1,060	-	(13)	-	-	(544)	2,724
Furniture and fittings	4,329	1,065	-	(32)	-	(1)	(524)	4,837
Motor vehicles	14,623	7,030	(403)	-	-	-	(2,402)	18,848
Renovations	6,417	1,693	-	(745)	528	2	(878)	7,017
Capital work-in-progress	638	-	-	(31)	(590)	11	-	28
	72,224	32,703	(427)	(823)	-	(62)	(11,483)	92,132

	Net book value as at 1 May 2005	Additions	Disposal	Write off	Reclassifications	Translation exchange differences	Depreciation	Net book value as at 30 April 2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 April 2006 (restated)</b>								
Long leasehold land	2,580	-	-	-	-	-	-	2,580
Buildings - shoplots	2,111	-	(283)	-	-	(162)	(49)	1,617
Plant and machinery	297	65	-	-	-	(17)	(149)	196
Computer equipment	45,077	776	(55)	-	355	(7)	(6,543)	39,603
Office equipment	2,398	369	-	(54)	-	(15)	(477)	2,221
Furniture and fittings	675	3,793	-	-	-	(9)	(130)	4,329
Motor vehicles	11,105	7,761	(157)	-	-	3	(4,089)	14,623
Renovations	4,374	2,628	-	-	-	(3)	(582)	6,417
Capital work-in-progress	-	993	-	-	(355)	-	-	638
	68,617	16,385	(495)	(54)	-	(210)	(12,019)	72,224

	Cost	Accumulated depreciation	Accumulated impairment losses	Net book value
	RM'000	RM'000	RM'000	RM'000
<b>As at 30 April 2007</b>				
Long leasehold land	2,611	-	(31)	2,580
Buildings - shoplots	1,971	(395)	-	1,576
Plant and machinery	3,097	(2,981)	-	116
Computer equipment	121,054	(66,648)	-	54,406
Office equipment	8,814	(6,090)	-	2,724
Furniture and fittings	6,220	(1,383)	-	4,837
Motor vehicles	37,117	(18,269)	-	18,848
Renovations	9,806	(2,789)	-	7,017
Capital work-in-progress	28	-	-	28
	190,718	(98,555)	(31)	92,132

# Notes to the Financial Statements

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## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Net book value RM'000
<b>Group (cont'd)</b>				
<b>As at 30 April 2006 (restated)</b>				
Long leasehold land	2,611	-	(31)	2,580
Buildings - shoplots	1,972	(355)	-	1,617
Plant and machinery	3,281	(3,085)	-	196
Computer equipment	98,848	(59,245)	-	39,603
Office equipment	7,899	(5,678)	-	2,221
Furniture and fittings	5,352	(1,023)	-	4,329
Motor vehicles	33,152	(18,529)	-	14,623
Renovations	9,132	(2,715)	-	6,417
Capital work-in-progress	638	-	-	638
	162,885	(90,630)	(31)	72,224

	Net book value as at 1 May 2006 RM'000	Additions RM'000	Depreciation RM'000	Write off RM'000	Net book value as at 30 April 2007 RM'000
<b>Company</b>					
<b>As at 30 April 2007</b>					
Computer equipment	340	269	(127)	-	482
Office equipment	86	119	(19)	-	186
Furniture and fittings	3,732	1,022	(437)	(3)	4,314
Motor vehicles	108	3	(16)	-	95
Renovations	2,355	453	(271)	-	2,537
	6,621	1,866	(870)	(3)	7,614

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

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>As at 30 April 2007</b>			
Computer equipment	675	(193)	482
Office equipment	235	(49)	186
Furniture and fittings	4,783	(469)	4,314
Motor vehicles	175	(80)	95
Renovations	2,828	(291)	2,537
	8,696	(1,082)	7,614

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

## 4 INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	654,616	654,616
Less : Accumulated impairment losses	(14,013)	(49,076)
	<u>640,603</u>	<u>605,540</u>

Further details on the reversal of impairment in value of investment in a subsidiary company are disclosed in Note 2.6(c).

Details of the subsidiary companies are as follows :

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2007 %	2006 %
<b>Subsidiary companies of Berjaya Sports Toto Berhad</b>				
FEAB Properties Sdn Bhd	Malaysia	Property investment and development and investment holding	100	100
FEAB Land Sdn Bhd	Malaysia	Property development	100	100
FEAB Equities Sdn Bhd	Malaysia	Dormant	100	100
Berjaya Wellesley Hotel Sdn Bhd	Malaysia	Dormant	100	100
STM Resort Sdn Bhd	Malaysia	Property investment	100	100
Sports Toto Malaysia Sdn Bhd	Malaysia	Toto betting operations	100	100
Magna Mahsuri Sdn Bhd	Malaysia	Property investment	100	100
Berjaya Sports Toto (Cayman) Limited ("BSTC")	Cayman Islands	Investment holding	100	100
<b>Subsidiary company of FEAB Land Sdn Bhd</b>				
FEAB Realty Sdn Bhd	Malaysia	Dormant	100	100
<b>Subsidiary companies of Sports Toto Malaysia Sdn Bhd</b>				
Sports Toto Products Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Apparel Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Computer Sdn Bhd	Malaysia	Dormant	100	100
<b>Subsidiary company of Berjaya Sports Toto (Cayman) Limited</b>				
Berjaya Lottery Management (HK) Limited ("BLM") *	Hong Kong	Investment holding	83.7	83.7

# Notes to the Financial Statements

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## 4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2007 %	2006 %
<b>Subsidiary companies of Berjaya Lottery Management (HK) Limited</b>				
Prime Gaming Philippines, Inc. ("PGPI") *	Philippines	Investment holding	72.33 <sup>^</sup>	70.01
International Lottery & Totalizator Systems, Inc. *	United States of America	Manufacturer and distributor of computerised lottery systems	71.32	71.43
<b>Subsidiary company of Prime Gaming Philippines, Inc.</b>				
Philippine Gaming Management Corporation *	Philippines	Leasing of on-line lottery equipment	100	100
<b>Subsidiary companies of International Lottery &amp; Totalizator Systems, Inc.</b>				
International Lottery & Totalizator Systems Australia Pty. Ltd. *	Australia	Dormant, under liquidation	100	100
ILTS.Com, Inc. *	United States of America	Dormant	100	100
Unisyn Solutions, Inc. *	United States of America	Dormant	100	100
International Totalizator Systems, Inc. *	United States of America	Dormant	100	100

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

<sup>^</sup> The total equity interests held by BSTC group in PGPI is 81.45% and it is held by the following companies respectively :

i) BLM	72.33%
ii) BSTC	9.12%
	81.45%

## 5 INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unquoted shares, at cost	7,428	7,580	167	167
Less : Share of post-acquisition losses	(3,907)	(3,905)	-	-
	3,521	3,675	167	167
Less : Accumulated impairment loss	(3,356)	(3,356)	(2)	-
	165	319	165	167

**5 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)**

Details of the associated companies are as follows :

Name of Company	Country of Incorporation	Principal Activities	Equity Interest	
			2007 %	2006 %
<b>Associated company of Berjaya Sports Toto Berhad</b>				
Berjaya Racing Management Sdn Bhd	Malaysia	Dormant	20	20
<b>Associated company of Berjaya Sports Toto (Cayman) Limited</b>				
Suncoast Limited ("Suncoast") *	British Virgin Islands	Dormant	48	48
<b>Associated company of FEAB Properties Sdn Bhd</b>				
Cashsystems Asia Technology Sdn Bhd ("Cashsystems") *	Malaysia	Dormant, under receivership	30	30
<b>Associated company of Prime Gaming Philippines, Inc.</b>				
PGMC Marketing Corporation * #	Philippines	Dormant	-	35

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

# Disposed of during the financial year

The financial statements of the above associated companies are coterminous with those of the Group except for Suncoast and Cashsystems which have financial year end of 31 December.

The summarised financial information of the associates are as follows :

	Group	
	2007 RM'000	2006 RM'000
<b>Assets and liabilities</b>		
Total current assets	825	827
Total current liabilities	1	1
<b>Results</b>		
Loss for the year	2	3

# Notes to the Financial Statements

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## 6 LONG TERM INVESTMENTS

	Group	
	2007 RM'000	2006 RM'000
<b>At cost :</b>		
Quoted shares - in Malaysia	16,362	16,362
- outside Malaysia	-	1,820
Quoted loan stocks in Malaysia	-	91
Unquoted shares	433	433
Unquoted loan stocks	1,681	696
	18,476	19,402
<b>At cost less amortisation :</b>		
Malaysian Government Securities	3,427	3,427
Less : Cumulative amortisation of premium	(337)	(280)
	3,090	3,147
Club memberships	21,566	22,549
	628	628
	22,194	23,177
Less : Provision for diminution in value :		
Quoted shares - in Malaysia	(8,046)	(6,861)
- outside Malaysia	-	(758)
Quoted loan stocks in Malaysia	-	(12)
Unquoted shares	(433)	(433)
Unquoted loan stocks	(484)	(484)
	13,231	14,629
<b>At market value :</b>		
Quoted shares - in Malaysia	8,316	9,501
- outside Malaysia	-	1,062
Quoted loan stocks in Malaysia	-	79
Malaysian Government Securities	3,139	3,201

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% (2006 : 6.45%) per annum.

During the financial year, a foreign subsidiary company announced its decision to dispose of its quoted shares outside Malaysia. The quoted shares with a carrying amount of RM1,062,000 has been presented as asset held for sale at balance sheet date. The fair value is not materially lower than its carrying amount.

**7 INVESTMENT PROPERTIES**

	Group	
	2007 RM'000	2006 RM'000
At 1 May	52,594	52,104
Effects of adopting of FRS 140 (Note 2.3(f))	14,562	-
	67,156	52,104
Additions from acquisitions	-	660
Additions from subsequent expenditure	455	-
Fair value adjustments (Note 27)	420	-
Impairment loss	-	(170)
At 30 April	68,031	52,594
The following investment properties are held under lease terms :		
Long leasehold land	1,120	1,018
Buildings	2,340	1,791
	3,460	2,809

The fair values of the investment properties were measured on 30 April 2007 by an independent professional valuer based on open market value on an existing use basis.

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

**8 DEFERRED TAX (ASSETS) / LIABILITIES**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 May	1,409	16,652	217	-
Recognised in the income statement (Note 31)	(3,236)	(15,243)	213	217
Effects of adopting FRS 140 (Note 2.3(f))	3,786	-	-	-
Exchange differences	(27)	-	-	-
At 30 April	1,932	1,409	430	217
Presented after appropriate offsetting as follows :				
Deferred tax assets	(1,468)	(969)	-	-
Deferred tax liabilities	3,400	2,378	430	217
	1,932	1,409	430	217

# Notes to the Financial Statements

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

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	Exchange differences RM'000	At 30 April RM'000
<b>2007</b>				
Retirement cost obligation	315	(54)	10	271
Payables	17,581	(838)	17	16,760
Tax losses and unabsorbed capital allowances	194	(61)	-	133
	18,090	(953)	27	17,164
Less : set-off against deferred tax liabilities				(15,696)
				1,468
<b>2006</b>				
Retirement cost obligation	270	45	-	315
Payables	535	17,046	-	17,581
Tax losses and unabsorbed capital allowances	74	120	-	194
	879	17,211	-	18,090
Less : set-off against deferred tax liabilities				(17,121)
				969

### Deferred Tax Liabilities of the Group :

	At 1 May RM'000	Effects of adopting FRS 140 RM'000 (Note 2.3(f))	Recognised in the income statement RM'000	Exchange differences RM'000	At 30 April RM'000
<b>2007</b>					
Accelerated capital allowances	17,364	-	(2,054)	-	15,310
Investment properties	-	3,786	-	-	3,786
Receivables	2,092	-	(2,092)	-	-
Inventories	43	-	(43)	-	-
	19,499	3,786	(4,189)	-	19,096
Less : set-off against deferred tax assets					(15,696)
					3,400
<b>2006</b>					
Accelerated capital allowances	16,332	-	1,032	-	17,364
Receivables	1,156	-	936	-	2,092
Inventories	43	-	-	-	43
	17,531	-	1,968	-	19,499
Less : set-off against deferred tax assets					(17,121)
					2,378

**8 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)****Deferred Tax Assets of the Company :**

	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
<b>2007</b>			
Other payables	8	1	9
Unabsorbed capital allowances	146	(13)	133
	<u>154</u>	<u>(12)</u>	<u>142</u>
Less : set-off against deferred tax liability			(142)
			<u>-</u>
<b>2006</b>			
Other payables	5	3	8
Unabsorbed capital allowances	25	121	146
	<u>30</u>	<u>124</u>	<u>154</u>
Less : set-off against deferred tax liability			(154)
			<u>-</u>

**Deferred Tax Liability of the Company :**

	At 1 May RM'000	Recognised in the income statement RM'000	At 30 April RM'000
<b>2007</b>			
Accelerated capital allowances	371	201	572
Less : set-off against deferred tax assets			(142)
			<u>430</u>
<b>2006</b>			
Accelerated capital allowances	30	341	371
Less : set-off against deferred tax assets			(154)
			<u>217</u>

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unutilised tax losses				
- Malaysian income tax	16,375	14,945	-	-
- foreign tax	42,020	45,451	-	-
Unabsorbed capital allowances	159	159	-	-
	<u>58,554</u>	<u>60,555</u>	<u>-</u>	<u>-</u>

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

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

# Notes to the Financial Statements

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## 9 INTANGIBLE ASSETS

	Group	
	2007 RM'000	2006 RM'000
<b>At carrying amount :</b>		
<b>Goodwill on consolidation</b>		
At 1 May	607,995	609,422
Arising from change in equity interest of a subsidiary company (Note 39(c))	9,188	-
Translation exchange differences	538	(1,427)
At 30 April	617,721	607,995
<b>Patent rights</b>		
At 1 May	-	-
Additions	89	-
At 30 April	89	-
<b>Total</b>	617,810	607,995

### Impairment test for goodwill

#### Allocation of intangible assets

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows :

	Group	
	2007 RM'000	2006 RM'000
Toto betting operations	607,735	597,330
Others	9,986	10,665
	617,721	607,995

#### Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets covering 5 years period.

The key assumptions used for value-in-use calculations are :

- i) Budgeted gross margin and growth rate  
The basis used to determine the value assigned to the budgeted gross margin is the average gross margin and average growth rate achieved in the years before the budgeted year, conditions adjusted for market and economic conditions and internal resource efficiency.
- ii) Discount rates  
The discount rate used of 5.5% is on a pre-tax basis.

**10 INVENTORIES**

	Group	
	2007 RM'000	2006 RM'000
<b>At cost :</b>		
Gaming equipment components and parts	518	1,798
Ticket inventories	1,993	1,931
Finished goods and inventories for resale	-	689
Work-in-progress	-	189
	2,511	4,607
<b>At net realisable value :</b>		
Raw materials	6,265	8,816
Finished goods and inventories for resale	650	-
Work-in-progress	158	-
Completed properties	700	1,251
	10,284	14,674

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM16,852,000 (2006 : RM17,256,000).

During the financial year, the Group wrote down inventories of RM1,636,000 (2006 : nil).

**11 RECEIVABLES**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables	32,787	44,374	-	-
Other receivables	15,042	16,714	2,234	5,795
Prepayments	17,613	25,647	38	41
Deposits	2,439	1,988	578	96
	67,881	88,723	2,850	5,932

The Group's normal trade credit term ranges from 1 to 30 days except for a trade contract of a subsidiary company amounting to RM1,043,000 (2006 : RM4,105,000) of which the repayment is on instalment basis.

Included in other receivables of the Group are amount receivable from sale of long term investment in prior years, and guarantee fee receivable from an affiliated company amounting to RM1,810,000 (2006 : RM3,310,000).

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 3% (2006 : 9%) of the Group's trade receivables; and
- an amount due from a single debtor which constitutes 42% (2006 : 55%) of the Group's other receivables.

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Amounts due from:				
Affiliated companies	75,056	550,335	75,032	550,309
Subsidiary companies	-	-	231,066	213,175
	75,056	550,335	306,098	763,484

# Notes to the Financial Statements

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## 12 AMOUNTS DUE FROM SUBSIDIARY AND AFFILIATED COMPANIES (CONT'D)

Affiliated companies in these financial statements refer to companies in the Berjaya Corporation Berhad's group ("BCorp") (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% (2006 : 2%) per annum above the average one year fixed deposit rate of a major licensed bank. Berjaya Land Berhad ("BLB"), a related company of BCorp, has provided a written undertaking dated 23 January 2002 to the Company to settle the outstanding advances within three years from the date of issue of the Company's ICULS on 5 August 2002. BLB undertakes to settle these advances by cash derived principally from dealing in the ICULS held by the BLB group. On 10 August 2005, the Company has received a letter from BLB requesting for the extension of time for settlement of inter-company advances to 4 August 2006 and the Board of Directors of the Company has agreed to the proposed extension.

On 15 August 2006, the Board of Directors of BLB announced that BLB has successfully issued RM900 million of secured Exchangeable Bonds and thereafter part repaid the Company an amount of RM387.9 million.

On 15 August 2006, the Board of Directors of the Company announced that the Company has received a letter from BLB requesting the Company for a further extension of time for another one year to 4 August 2007 to settle in full the residual advances owing to the Company. The Board of Directors of the Company has agreed to BLB's proposed extension of the settlement period to 4 August 2007 for the balance outstanding sum. The outstanding balance was subsequently settled in full by BLB on 30 July 2007 as detailed in Note 39(a).

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

## 13 SHORT TERM INVESTMENTS

	Group	
	2007 RM'000	2006 RM'000
At carrying amount :		
Quoted securities outside Malaysia	-	14,689
Unquoted securities outside Malaysia	8,811	-
	8,811	14,689
Market value of quoted securities	-	14,689

The short term investments invested by a foreign subsidiary company comprised investments in auction-rate preferred shares earning dividends at a rate that is fixed for a period of seven days.

## 14 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
These comprise term deposits with :				
Licensed banks	53,875	255,148	-	210,602
Licensed finance companies	168,288	308,638	-	-
Other financial institutions	4,303	62,313	1,303	62,313
	226,466	626,099	1,303	272,915

Included in the Group's deposits with financial institutions is an amount of RM123,000 (2006 : RM102,000) which is pledged to a bank for facilities granted to a subsidiary company.

**14 DEPOSITS WITH FINANCIAL INSTITUTIONS (CONT'D)**

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

	Group		Company	
	2007	2006	2007	2006
Licensed banks	3.50%	3.13%	-	3.16%
Licensed finance companies	3.55%	3.20%	-	-
Other financial institutions	3.38%	3.16%	3.38%	3.16%

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

	Group		Company	
	2007	2006	2007	2006
Licensed banks	38 days	19 days	-	7 days
Licensed finance companies	27 days	74 days	-	-
Other financial institutions	4 days	7 days	7 days	7 days

**15 SHARE CAPITAL**

	Group and Company			
	Number of ordinary shares		Amount	
	2007 Units '000	2006 Units '000	2007 RM'000	2006 RM'000
<b>Authorised:</b>				
At 1 May (par value of RM0.50 each / RM1.00 each)	4,000,000	2,000,000	2,000,000	2,000,000
Effect of First Capital Distribution #	-	2,000,000	-	-
Effect of Second Capital Distribution*	16,000,000	-	-	-
At 30 April (par value of RM0.10 each / RM0.50 each)	20,000,000	4,000,000	2,000,000	2,000,000
<b>Issued and fully paid:</b>				
At 1 May	1,351,030	1,212,105	675,515	1,212,105
Issued pursuant to conversion of ICULS	-	131,624	-	131,624
First Capital Distribution #	-	-	-	(671,864)
Issued pursuant to conversion of ICULS after First Capital Distribution	-	7,301	-	3,650
Second Capital Distribution *	-	-	(540,412)	-
At 30 April	1,351,030	1,351,030	135,103	675,515

# First Capital Distribution relates to the capital distribution of RM0.50 per share that was effected on 26 September 2005

\* Further details of Second Capital Distribution is disclosed in Note 39(b)

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

	Number of ordinary shares	
	2007 Units '000	2006 Units '000
Total number of issued and paid up ordinary shares	1,351,030	1,351,030
Less : Ordinary shares held as treasury shares (Note 19)	(70,500)	(56,300)
	1,280,530	1,294,730

# Notes to the Financial Statements

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## 16 SHARE PREMIUM

	Group and Company	
	2007	2006
	RM'000	RM'000
At 1 May	336,904	296,411
Conversion of ICULS	-	30,414
Gain on disposal of treasury shares	-	10,104
Second Capital Distribution	(129,473)	-
Less : Share issuing expenses	-	(25)
At 30 April	207,431	336,904

## 17 EXCHANGE RESERVE

	Group	
	2007	2006
	RM'000	RM'000
At 1 May	9,945	1,519
Currency translation differences	823	8,426
At 30 April	10,768	9,945

## 18 RETAINED EARNINGS

Subject to the agreement of the Inland Revenue Board, 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 RM144,984,000 (2006 : RM183,280,000) and RM91,871,000 (2006 : RM91,871,000) respectively as at balance sheet date.

## 19 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2007	2006	2007	2006
	Units '000	Units '000	RM'000	RM'000
At 1 May	56,300	78,600	238,427	373,568
Shares bought back during the year	14,200	18,742	65,332	81,166
Reduction of treasury shares par value pursuant to the Second/First Capital Distribution	-	-	(22,520)	(42,500)
Disposal during the year	-	(41,042)	-	(173,807)
At 30 April	70,500	56,300	281,239	238,427

The renewal of the Company's plan and mandate relating to the share buy back was approved by the shareholders of the Company on 13 October 2006 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 14,200,000 (2006 : 18,741,600) shares from the open market at an average price of RM4.60 (2006 : RM4.33) for approximately RM65,332,000 (2006 : RM81,166,000) with internally generated funds. The cumulative shares bought back are held as treasury shares with none of the shares being cancelled or distributed during the financial year.

**19 TREASURY SHARES (CONT'D)**

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

Month	Price per share			Number of shares ('000)	Total consideration RM'000
	Lowest	Highest	Average		
March 2007	4.20	4.79	4.60	11,500	52,930
April 2007	4.53	4.69	4.59	2,700	12,402
				14,200	65,332

**20 PROVISIONS**

	Group	
	2007 RM'000	2006 RM'000
<b>Current :</b>		
<b>Sales warranty</b>		
At 1 May	1,374	1,452
Additional provision during the year	212	22
Incurred during the year	(677)	(33)
Exchange differences	(77)	(67)
At 30 April	832	1,374
<b>Non-current :</b>		
<b>Retirement benefits</b>		
At 1 May	895	771
Additional provision during the year	206	181
Contributions paid	(361)	-
Exchange differences	34	(57)
At 30 April	774	895
	1,606	2,269

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

A foreign subsidiary company maintains a tax qualified, non-contributory retirement plan that is being administered by a trustee covering all regular full-time employees. Actuarial valuations are made every two years to update the retirement benefit costs and the amount of contributions.

The amounts of retirement benefit obligation recognised in the consolidated balance sheet are determined as follows :

	Group	
	2007 RM'000	2006 RM'000
Present value of the obligation	887	1,008
Unrecognised actuarial gains	(113)	(113)
Retirement benefit obligation	774	895

# Notes to the Financial Statements

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## 20 PROVISIONS (CONT'D)

The movements in present value of the retirement benefit obligation recognised in the books are as follows :

	Group	
	2007 RM'000	2006 RM'000
Balance at beginning of year	1,008	884
Current service cost and interest cost	206	181
Contributions paid	(361)	-
Exchange differences	34	(57)
Balance at end of year	887	1,008

The amounts of retirement benefits recognised in the consolidated income statement are as follows :

	Group	
	2007 RM'000	2006 RM'000
Current service costs	107	103
Interest costs	99	76
Net actuarial gain recognised during the year	-	2
Retirement benefits	206	181

The movements in the retirement benefit obligation recognised in the books are as follows :

	Group	
	2007 RM'000	2006 RM'000
At 1 May	895	771
Expenses recognised	206	181
Contribution paid	(361)	-
Exchange differences	34	(57)
At 30 April	774	895

As part of the actuarial assumptions used by an independent actuary for the determination of the retirement benefit obligation, a discount rate of 9.5% is used in both financial years 2007 and 2006.

## 21 BORROWINGS

	Group	
	2007 RM'000	2006 RM'000
Short Term Borrowings :		
Unsecured term loan		
- Fixed rates	28,125	25,625
- Floating rates	84,375	76,875
	112,500	102,500
Long Term Borrowings :		
Unsecured term loan		
- Fixed rates	90,000	118,125
- Floating rates	270,000	354,375
	360,000	472,500

**21 BORROWINGS (CONT'D)**

	Group	
	2007 RM'000	2006 RM'000
Total Borrowings		
Unsecured term loan		
- Fixed rates	118,125	143,750
- Floating rates	354,375	431,250
	472,500	575,000

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

	Group	
	2007 RM'000	2006 RM'000
Unsecured term loan		
- Fixed rates	4.92%	4.92%
- Floating rates	5.34%	5.30%

The Company provided a corporate guarantee to the financial institutions for the unsecured term loan granted to a subsidiary company as disclosed in Note 34.

**22 DEFERRED LIABILITIES / INCOME**

	Group	
	2007 RM'000	2006 RM'000
Agency deposits	34,275	33,784
Deferred income	12,364	-
	46,639	33,784

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

Deferred income consists of amounts received from customers by a foreign subsidiary company in excess of income recognised due to the fact that, among other requirements for the recognition of income, persuasive evidence of an agreement with a strategic partner is pending finalisation of a software support agreement. The Group will recognise the income upon its fulfilment of the prescribed criteria for income recognition.

**23 PAYABLES**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables	29,317	49,382	-	-
Pool betting duty payables	19,054	19,623	-	-
Other payables	356	1,684	439	1,223
Dividend payables	1,184	2,203	1,184	2,203
Capital distributions payable	537	322	538	323
Accruals	154,900	145,949	21	331
	205,348	219,163	2,182	4,080

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

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

# Notes to the Financial Statements

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## 24 AMOUNTS DUE TO SUBSIDIARY AND AFFILIATED COMPANIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Amounts due to :				
Subsidiary companies	-	-	658,864	572,322
Affiliated companies	605	344	335	322
	605	344	659,199	572,644

The affiliated companies are defined in Note 12.

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

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

## 25 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, rental income 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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Dividend income from subsidiary companies	-	-	567,568	454,860
Management fee income	-	-	318	318
Toto betting operations	3,030,342	2,933,942	-	-
Sale of lottery systems and spare parts	2,974	4,380	-	-
Sale of completed properties	1,040	-	-	-
Rental income from investment properties	932	-	-	-
	3,035,288	2,938,322	567,886	455,178

## 26 PROFIT BEFORE OTHER INCOME AND EXPENSES

	Group		Company	
	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000
<b>Profit before other income and expenses is stated after charging :</b>				
Auditors' remuneration				
- statutory audit :				
auditors of the Company				
- current year	132	122	45	40
- under provision in previous year	10	10	5	3
other auditors				
- current year	340	330	-	-
- under/(over) provision in previous year	22	(6)	-	-
- other services				
- auditors of the Company	12	54	12	26
- other auditors	326	167	-	-
Depreciation of property, plant and equipment	11,483	12,019	870	137
Directors' remuneration				
- fees	245	260	135	135
- salaries and other emoluments	7,057	6,382	11	15
- performance incentive	10,448	10,241	-	-
- bonus	1,065	1,058	-	-
Management fees payable to affiliated companies	720	720	720	720
Rent of premises	7,490	6,804	2,187	745
Rent of equipment	982	1,001	-	-
Contribution to National Sports Council	61,374	60,170	-	-
Bad debts written off	-	67	-	-
Research costs	176	3,648	-	-
Loss on foreign exchange - realised	997	82	-	-
- unrealised	167	11,933	-	-
Amortisation of premium on Malaysian Government Securities	57	57	-	-
Inventories written down	1,636	-	-	-
Direct operating expenses of investment properties				
- revenue generating during the year	1,694	1,706	-	-
- non-revenue generating during the year	100	93	-	-
Property, plant and equipment written off				
- included in general and administrative expenses	823	54	3	-
<b>And crediting :</b>				
Management fees receivable from subsidiary companies	-	-	318	318
Insurance claim	47	60	-	-
Gain on disposal of property, plant and equipment	287	152	-	-
Rental income				
- included in revenue	932	-	-	-
- included in other income	3,560	3,333	-	-
Bad debts recovered	28	-	-	-
Gain on foreign exchange - realised	21	49	-	-
Employee information (Note b) :				
Employee benefit expenses (excluding directors)	59,928	56,717	1,324	873

The estimated monetary value of benefits-in-kind received by the Directors is RM106,700 (2006 : RM80,000) for the Group.

# Notes to the Financial Statements

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## 26 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

### (a) Directors' remuneration

The aggregate Directors' remuneration for Directors of the Company that are in office during the financial year 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>2007</b>						
Executive	10	95	6,065	6,965	1,039	14,164
Non-executive	135	-	364	-	26	535
	145	95	6,429	6,965	1,065	14,699
<b>2006</b>						
Executive	13	80	5,338	10,241	1,032	16,704
Non-executive	135	-	368	-	26	529
	148	80	5,706	10,241	1,058	17,233

\* The performance incentive is paid to Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") as Managing Director/Chief Executive Officer of Sports Toto Malaysia Sdn Bhd ("STM"), a wholly-owned subsidiary company, 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 net profit before tax that exceeds RM30 million. For the financial year ended 30 April 2007, the total amount paid to TSVT (including contribution to EPF) amounted to RM12.015 million.

### (b) Employee benefit expenses

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages, salaries and other allowances	45,885	44,627	926	781
Social security costs and employee insurance	2,136	1,799	116	(72)
Bonuses	6,900	4,478	87	58
Pension costs				
- defined contribution plans	4,833	5,337	190	94
- defined benefit plans	206	181	-	-
Provision for short term compensated absences	(32)	295	5	12
	59,928	56,717	1,324	873

## 27 INVESTMENT RELATED INCOME

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Gain on disposal of treasury ICULS	-	24,278	-	-
Gain on disposal of quoted investments	3	357	-	-
Dividend income from short term investments	674	176	-	-
Fair value adjustments of investment properties	420	-	-	-
Reversal of impairment loss on investment in a subsidiary company (Note 2.6(c))	-	-	35,063	-
	1,097	24,811	35,063	-

**28 INVESTMENT RELATED EXPENSES**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Impairment in value of investment properties	-	170	-	-
Impairment in value of investment in an associated company	-	-	2	-
Impairment in value of quoted investments	1,229	3,632	-	-
Provision for diminution in value of unquoted investments	-	917	-	-
Loss on disposal of quoted investments	-	2	-	-
	1,229	4,721	2	-

**29 OTHER INCOME**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other income comprise :				
Interest income on :				
- deposits	14,468	12,795	3,840	5,260
- advances to affiliated companies	13,224	34,380	13,224	34,380
- advances to subsidiary companies	-	-	1,180	1,333
- others	-	4	-	-
Others :				
- rental income	3,560	3,333	-	-
- miscellaneous	972	856	-	-
	32,224	51,368	18,244	40,973

**30 FINANCE COSTS**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest on :				
- ICULS	-	562	-	1,662
- advances from a subsidiary company	-	-	37,804	22,301
- borrowings	28,394	17,235	-	-
Other finance charges	352	3,052	413	3,030
	28,746	20,849	38,217	26,993

# Notes to the Financial Statements

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## 31 INCOME TAX EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current income tax :				
Malaysia income tax	150,213	158,697	146,244	126,014
Foreign tax	14,675	9,324	-	-
	164,888	168,021	146,244	126,014
Under/(over) provision in prior years :				
Malaysia income tax	1,154	(48,178)	176	4,100
	166,042	119,843	146,420	130,114
Deferred tax (Note 8)				
Relating to origination and reversal of temporary differences	(3,161)	(3,793)	126	217
Relating to changes in tax rates	(97)	-	(23)	-
Under/(over) provision in prior years	22	(11,450)	110	-
	(3,236)	(15,243)	213	217
	162,806	104,600	146,633	130,331

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

Domestic current income tax is calculated at the statutory tax rate of 27% (2006 : 28%) of the estimated assessable profit for the year. The domestic statutory tax rate is reduced to 27% from the previous year's rate of 28% effective for year of assessment 2007 and to 26% effective for year of assessment 2008. The computation of deferred tax as at 30 April 2007 has reflected these changes. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax 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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before tax	545,332	571,914	574,117	464,083
Tax at Malaysian statutory tax rate of 27% (2006 : 28%)	147,240	160,136	155,012	129,943
Different tax rates for offshore companies	4,701	850	-	-
Deferred tax recognised at different tax rates	(97)	-	(23)	-
Expenses not deductible for tax purposes	10,440	13,512	825	1,245
Income not subject to tax	(114)	(7,326)	(9,467)	-
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	(926)	(4,957)	-	(4,957)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	386	2,013	-	-
Under provision of tax expense in prior years	1,154	(48,178)	176	4,100
Under/(over) provision of deferred tax in prior years	22	(11,450)	110	-
Tax expense for the year	162,806	104,600	146,633	130,331

Tax savings during the financial year arising from :

	Group and Company	
	2007 RM'000	2006 RM'000
Utilisation of current year losses	349	213
Utilisation of previously unrecognised tax losses	-	4,838

**32 EARNINGS PER SHARE**

The earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company as follows :

	Group	
	2007 RM'000	2006 RM'000
Profit attributable to equity holders of the Company	375,687	464,525
Weighted average number of shares outstanding ('000)	1,293,140	1,225,958
Basic earnings per share (sen)	29.05	37.89

**33 DIVIDENDS PER SHARE**

	Company			
	2007		2006	
	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 (2006 : less tax of 28%)				
- 1st interim - 12.5 sen per share less tax of 28% (2006 : 12.5 sen per share)	9.00	116,526	9.00	113,285
- 2nd interim - 12.5 sen per share less tax of 27% (2006 : 12.5 sen per share)	9.13	118,144	9.00	113,095
- 3rd interim - 12.5 sen per share less tax of 27% (2006 : 11 sen per share)	9.13	117,231	7.92	101,149
- 4th interim - 7.5 sen per share less tax of 27% (2006 : 15 sen per share)	*	*	10.80	139,831

\* On 28 June 2007, the Company declared and approved a fourth interim dividend of 7.5 sen per share less 27% income tax in respect of financial year ended 30 April 2007 amounting to approximately RM69.2 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 2008.

**34 CONTINGENT LIABILITY**

	Company	
	2007 RM'000	2006 RM'000
<u>Contingent liability - unsecured</u>		
Corporate guarantee given by the Company to financial institutions for a syndicated credit facilities granted to a subsidiary company	472,500	575,000

# Notes to the Financial Statements

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## 35 CAPITAL COMMITMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Capital expenditures :				
- Approved and contracted for	478	80	-	-
- Approved but not contracted for	13,817	16,404	-	-
Non-cancellable operating leases - Rental of office premises	9,703	9,895	4,800	7,681
	<b>23,998</b>	<b>26,379</b>	<b>4,800</b>	<b>7,681</b>

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Not later than one year	5,439	5,094	2,880	2,880
Later than one year but not later than five years	4,264	4,801	1,920	4,801
	<b>9,703</b>	<b>9,895</b>	<b>4,800</b>	<b>7,681</b>

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 (2006 : RM80,000) payable to an affiliated company, Berjaya Hills Berhad ("formerly known as Bukit Tinggi Resort Berhad").

## 36 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest income from				
- Berjaya Land Berhad - (b)	2,460	12,947	2,460	12,947
- Gateway Benefit Sdn Bhd - (b)	10,764	21,433	10,764	21,433
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	723	688
Interest expense to				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(37,804)	(22,301)
Purchases of consumables from				
- Graphic Press Group Sdn Bhd - (d)	(11,452)	(11,172)	-	-
Advances from / (given to)				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	463,364	458,343
- Magna Mahsuri Sdn Bhd - (a)	-	-	(2,536)	(2,007)
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	(17,619)	(3,892)
Repayment of advances from / (to)				
- Berjaya Land Berhad - (b)	488,501	176,993	488,501	176,993
- FEAB Properties Sdn Bhd - (a)	-	-	3,799	107,255
Management fees for services rendered by				
- Berjaya Group Berhad - (b)	-	(600)	-	(600)
- Berjaya Corporation Berhad - (b)	(720)	(120)	(720)	(120)
Security guard services charges by				
- Berjaya Guard Services Sdn Bhd - (b)	(1,505)	(1,175)	-	-
Rental and service charges by				
- Noble Circle (M) Sdn Bhd - (b)	(3)	(1,726)	-	(786)
- Nada Embun Sdn Bhd - (b)	(2,190)	(1,853)	(337)	-
- Ambilan Imej Sdn Bhd - (b)	(2,543)	-	(2,543)	-
Service charges for procurement and provision of printing and advertisement by				
- Novacomm Integrated Sdn Bhd-(b)	(1,445)	(3,702)	-	(136)

**36 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Purchase of motor vehicles from - Quasar Carriage Sdn Bhd - (d)	(5,406)	(6,704)	-	-
Service charges and sinking fund for office block maintenance charged by - Berjaya TS Management Sdn Bhd - (c)	(1,527)	(1,527)	-	-
Rental and service charges from - MiTV Networks Sdn Bhd - (c)	889	-	-	-

The nature of the related party relationships are as follows :

- subsidiary companies;
- affiliated companies;
- a company in which directors of the Company, Dato' Robin Tan Yeong Ching, Rayvin Tan Yeong Sheik and their father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, a substantial shareholder of the Company, have interest;
- company in which a substantial shareholder, BCorp, has interest.

The outstanding balances with subsidiary companies and affiliated companies have been disclosed under Notes 12 and 24.

The Directors' remuneration are disclosed under Note 26.

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.

**37 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 other than exposure on the advances to a subsidiary company that was treated as net investment in a foreign operation.

**(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 manages its interest rate exposure from interest bearing borrowings by maintaining a mix of fixed and floating rate borrowings.

**(d) Market Risk**

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

# Notes to the Financial Statements

30 April 2007

## 37 FINANCIAL INSTRUMENTS (CONT'D)

### (e) Credit Risk

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than those disclosed in Note 11.

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

### (f) Liquidity Risk

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

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

### (g) Fair Value

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

	Group	
	Carrying amount RM'000	Fair Value RM'000
<b>Financial liability :</b>		
At 30 April 2007		
Term loan - Fixed rates	118,125	119,272
- Floating rates	354,375	354,375
	<u>472,500</u>	<u>473,647</u>
At 30 April 2006 :		
Term loan - Fixed rates	143,750	141,239
- Floating rates	431,250	431,250
	<u>575,000</u>	<u>572,489</u>

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

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

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

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

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

BLB has undertaken to repay the outstanding advances within three years from the date of issuance of the ICULS. During the financial year, BLB requested for a one year extension as disclosed in Note 39(a) and the amount is currently interest bearing at the prevailing market rate. As such, the Group does not anticipate the carrying amount of the outstanding balance recorded at the balance sheet date to be significantly different from the values that would eventually be received.

#### ii) Investment in unquoted shares

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

## 38 SEGMENT INFORMATION

(a) Business Segments :

30 April 2007	Toto betting	Others *	Inter-	Consolidated
	operations	RM'000	segment	RM'000
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
External sales	3,030,342	4,946	-	3,035,288
Inter-segment sales	-	36,618	(36,618)	-
				<u>3,035,288</u>
<b>Results</b>				
Segment results	571,637	(1,693)	(19,100)	550,844
Unallocated corporate expenses				(8,856)
Profit before other income and expenses				<u>541,988</u>
Investment related income				1,097
Investment related expenses				(1,229)
Other income				32,224
Finance costs				(28,746)
Share of results of an associated company				(2)
Profit before tax				<u>545,332</u>
Income tax expense				(162,806)
Profit for the year				<u>382,526</u>
Minority interests				(6,839)
Profit attributable to equity holders of the Company				<u>375,687</u>
<b>Assets</b>				
Segment assets	1,065,363	190,551	(142,580)	1,113,334
Investments in equity method of associated companies	-	165	-	165
Unallocated corporate assets				99,736
Consolidated total assets				<u>1,213,235</u>
<b>Liabilities</b>				
Segment liabilities	234,797	247,795	(230,906)	251,686
Unallocated corporate liabilities				533,085
Consolidated total liabilities				<u>784,771</u>
<b>Other information</b>				
Capital expenditures	47,950	661	(17,774)	30,837
- Unallocated corporate expenses				1,866
				<u>32,703</u>
Depreciation / amortisation	12,242	665	( 2,294)	10,613
- Unallocated corporate expenses				870
				<u>11,483</u>
Impairment losses	-	1,229	-	1,229
<b>Other non-cash expenses</b>	778	1,845	-	2,623
- Unallocated corporate expenses				3
				<u>2,626</u>

# Notes to the Financial Statements

30 April 2007

## 38 SEGMENT INFORMATION (CONT'D)

(a) Business Segments : (cont'd)

30 April 2006	Toto betting operations	Others *	Inter- segment	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
External sales	2,933,942	4,380	-	2,938,322
Inter-segment sales	-	8,531	(8,531)	-
				<u>2,938,322</u>
<b>Results</b>				
Segment results	555,334	(26,938)	(2,014)	526,382
Unallocated corporate expenses				(5,077)
Profit before other income and expenses				<u>521,305</u>
Investment related income				24,811
Investment related expenses				(4,721)
Other income				51,368
Finance costs				(20,849)
Profit before tax				<u>571,914</u>
Income tax expense				(104,600)
Profit for the year				<u>467,314</u>
Minority interests				(2,789)
Profit attributable to equity holders of the Company				<u>464,525</u>
<b>Assets</b>				
Segment assets	1,155,919	156,595	(76,830)	1,235,684
Investments in equity method of associated companies	-	319	-	319
Unallocated corporate assets				847,075
Consolidated total assets				<u>2,083,078</u>
<b>Liabilities</b>				
Segment liabilities	256,619	210,188	(215,653)	251,154
Unallocated corporate liabilities				583,735
Consolidated total liabilities				<u>834,889</u>
<b>Other information</b>				
Capital expenditures	6,957	2,914	-	9,871
- Unallocated corporate expenses				6,514
				16,385
Depreciation / amortisation (Note 2.3(g))	12,881	712	(1,711)	11,882
- Unallocated corporate expenses				137
				12,019
Impairment losses	-	4,719	-	4,719
<b>Other non-cash expenses</b>	<b>339</b>	<b>11,648</b>	<b>-</b>	<b>11,987</b>

**38 SEGMENT INFORMATION (CONT'D)**

(b) Geographical Segments :

	Group	
	2007 RM'000	2006 RM'000
<b>Total Revenue From External Customers</b>		
Malaysia	2,956,928	2,891,786
Others	78,360	46,536
	3,035,288	2,938,322

	Group	
	2007 RM'000	2006 RM'000
<b>Segment Assets</b>		
Malaysia	955,700	1,115,239
Others	157,634	120,764
Unallocated corporate assets	99,901	847,075
	1,213,235	2,083,078

	Group	
	2007 RM'000	2006 RM'000
<b>Capital Expenditures</b>		
Malaysia	7,855	6,957
Others	22,982	2,914
Unallocated corporate expenses	1,866	6,514
	32,703	16,385

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 non-cash items mainly include unrealised loss on foreign exchange, write-off of property, plant and equipment and inventories written down.

\* 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.

**39 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

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

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

On 25 January 2006, the Board of Directors of BLB proposed to partially repay (of approximately RM388 million) the amount owing to the Company by issuing up to RM900 million nominal value of 5-year secured exchangeable bonds ("Exchangeable Bonds"). The Exchangeable Bonds will be exchangeable into ordinary shares of the Company which are held by BLB. On 15 August 2006, the Board of Directors of BLB announced that BLB has successfully issued RM900 million of Exchangeable Bonds.

# Notes to the Financial Statements

30 April 2007

## 39 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

On 15 August 2006, the Board of Directors of the Company announced that the Company has received a letter from BLB requesting the Company for a further extension of time for another one year to 4 August 2007 to settle in full the residual advances owing to the Company. The Board of Directors of the Company has agreed to BLB's proposed extension of the settlement period to 4 August 2007 for the balance outstanding sum.

As at 30 April 2007, the outstanding inter-company balance owing by BLB group was RM75.03 million upon BLB's repayment of RM488.5 million during the financial year. Subsequent to the financial year ended 30 April 2007, BLB made further repayments of RM26.7 million and RM49.3 million on 22 June 2007 and 30 July 2007 respectively which fully settled the outstanding balance.

- (b) During the financial year, the Company completed its Second Capital Distribution via cash on the basis of RM0.50 for every one existing ordinary share of RM0.50 each ("Share") held in the Company. The Second Capital Distribution was undertaken in accordance with the provisions of Section 60(2) and Section 64 of the Companies Act, 1965, via the reduction of the share capital of the Company by RM0.40 per share and reduction of the share premium reserve of the Company by RM0.10 per share. Accordingly, the payment of the Second Capital Distribution was made on 14 July 2006 funded via proceeds from the sale of 41.042 million treasury shares (as disclosed in Note 19), a short term bridging loan of RM200 million obtained by a subsidiary company and the remaining from internally generated funds. The par value of the ordinary shares of the Company was then reduced from RM0.50 per ordinary share to RM0.10 per ordinary share. The RM200 million short term bridging loan was fully settled during the financial year ended 30 April 2007.
- (c) During the financial year, PGPI, a subsidiary of BLM, has carried out additional share buyback of 2,094,944 ordinary shares of Php10 each which led to an increase of BLM's equity interest in PGPI from 70.01% to 72.33% resulting in an adjustment to the retained earnings arising from loss on accretion of equity interests of RM2.455 million.

On 26 February 2007, BSTC, the holding company of BLM, had acquired a total of 5,755,213 PGPI ordinary shares of Php10 each representing 9.12% direct equity interest in PGPI at a consideration of Php230,208,520 (equivalent to RM16,843,600). With the aforesaid direct interest by BSTC, the Group's equity interest in PGPI has increased to 81.45%. This additional equity interest in PGPI has resulted in an increase in goodwill on consolidation of RM9,188,000.

# List of Properties

as at 30 April 2007

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Fair Value/ Net Book Value RM'000
Lot 174 TS 18 North East District, Penang (74, 76 & 78 Rope Walk, Penang)	Freehold	30.08.1990	67 yrs	4,826 sq. ft.	3 units of 2-storey shophouse - vacant	835
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	Leasehold	11.11.1999	7 yrs	5,429 sq. ft.	Restaurant premise	1,800
Berjaya Times Square 11th Floor No. 1, Jalan Imbi 55100 Kuala Lumpur	Freehold (Strata titles)	06.01.1998	4 yrs	106,027 sq. ft.	One floor of office space of an integrated commercial development	56,756
Lot SL-012 & 013 Sri Pelangi Shoplot Ground Floor, Block C Jalan Genting Klang, Setapak 53300 Kuala Lumpur	Freehold	12.12.1992	13 yrs	3,187 sq. ft.	2 units of ground floor shoplot - 2 units for rental	1,120
Lots 335 & 336 Mukim Kuala Kuantan Astana Golf Resort, Kuantan Pahang Darul Makmur	Leasehold 99 years expiring on 10 Sept 2092	18.12.1992	-	16,414 sq. ft.	2 bungalow lots - vacant	220
A171 Sri Dagangan Business Centre Jalan Tun Ismail 25100 Kuantan, Pahang Darul Makmur	Freehold	26.09.1992	13 yrs	1,430 sq. ft.	1 unit of 3-storey shop/ office - 1 floor for rental, 1 floor for sales office and 1 floor vacant	322
A173 Sri Dagangan Business Centre Jalan Tun Ismail 25100 Kuantan, Pahang Darul Makmur	Freehold	26.09.1992	13 yrs	1,430 sq. ft.	1 unit of 3-storey shop/ office - 3 floors for rental	800
Lot 367, Section 11 Kuching Town Land District Jalan Kulas, 93400 Kuching, Sarawak	Freehold	28.03.1994	14 yrs	1,214 sq. ft.	1 unit of 4-storey shophouse - 4 floors for rental	1,200
Lot 19, Bornion Commercial Centre 88100 Luyang Kota Kinabalu Sabah	Leasehold 999 years expiring on 15 May 2915	24.12.1994	14 yrs	3,750 sq. ft.	1 unit of 3-storey shoplot - 2 floors for sales office and 1 floor vacant	485
24, Jalan SS2/66, 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	30.12.1994	35 yrs	1,680 sq. ft.	1 unit of 3-storey shophouse for rental	2,300

## List of Properties

as at 30 April 2007

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Fair Value/ Net Book Value RM'000
No. 14, Sri Desa Entrepreneur's Park Jalan Kuchai Lama, 58200 Kuala Lumpur	Freehold	23.11.1995	9 yrs	6,760 sq. ft.	1 unit of 5-storey shopoffice - 5 floors for rental	1,560
Kim's Park Business Centre No. 1, Jalan Penjaja 3/A Batu Pahat Johor Darul Takzim	Freehold	15.06.1998	8 yrs	2,575 sq. ft.	1 unit of 3-storey shopoffice - 1 floor for sales office and 2 floors vacant	769
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	2,580
Lot 11, Jalan Oniks 2, 7/11 B, Seksyen 7 Shah Alam Selangor Darul Ehsan	Leasehold expiring on 28 May 2103 (99 years)	28.05.2004	-	19,752 sq. ft.	Vacant land	900
No A5-1, Meranti Park Apartments Jalan BTR 1/5, Bukit Tinggi Resort 28750 Bentong Pahang	Leasehold expiring on 4 May 2094 (99 years)	08.09.2005	8 yrs	949 sq. ft.	1 unit of apartment	220
No PHA-3, Meranti Park Apartments Jalan BTR 1/5, Bukit Tinggi Resort 28750 Bentong Pahang	Leasehold expiring on 4 May 2094 (99 years)	08.09.2005	8 yrs	1,465 sq. ft.	1 unit of apartment	320

### REVALUATION POLICY

The Group does not adopt a policy of regular revaluation of its properties. Properties classified under investment properties are stated at fair value whereas properties classified under property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if applicable).

## Material Contracts

Other than as disclosed in Notes 12, 26, 35 and 36 of the financial statements for the financial year ended 30 April 2007, 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 for services rendered to the Group by the Company's auditors for the financial year ended 30 April 2007 amounted to RM12,000 (2006 : RM54,000).

# 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 Corporation Berhad and its unlisted subsidiary companies :</b>			
Berjaya Corporation Berhad	Management fees payable for services rendered that include, inter-alia, the provision of finance, secretarial and general administrative services	Berjaya Sports Toto Berhad	720
Berjaya Registration Services Sdn Bhd	Receipt of share registration services	Berjaya Sports Toto Berhad	409
Berjaya Education Sdn Bhd	Receipt of education and staff training services	Sports Toto Malaysia Sdn Bhd	6
Novacomm Integrated Sdn Bhd	Procurement of promotion, advertising and publishing services	Sports Toto Malaysia Sdn Bhd	1,445
Inter-Pacific Trading Sdn Bhd	Purchase of stationery products	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	95
Stephen Properties Sdn Bhd	Rental for renting of storage areas	Berjaya Sports Toto Berhad FEAB Properties Sdn Bhd	4
Ambilan Imej Sdn Bhd	Rental & service charge for renting of office at Level 12, Berjaya Times Square	Berjaya Sports Toto Berhad	2,543
<b>Berjaya Land Berhad and its unlisted subsidiary companies</b>			
Berjaya Guard Services Sdn Bhd	Receipt of security guard services	Sports Toto Malaysia Sdn Bhd	1,505
Berjaya Langkawi Beach Resort Sdn Bhd	Rental of villa at Berjaya Langkawi Beach & Spa Resort	Berjaya Sports Toto Berhad	180
Berjaya Langkawi Beach Resort Sdn Bhd	Rental income for renting Kelong restaurant premise	FEAB Properties Sdn Bhd	(43)
Sinar Merdu Sdn Bhd	Rental for renting of rooms at KL Court, KL Plaza	Sports Toto Malaysia Sdn Bhd	107
Nada Embun Sdn Bhd	Rental and service charges for renting of office premises	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	2,190
Berjaya Land Development Sdn Bhd	Rental for renting of office premises	FEAB Properties Sdn Bhd FEAB Land Sdn Bhd	22

## Recurrent Related Party Transactions of Revenue Nature

Related parties	Nature of transaction	Name of companies	Amount transacted during the financial year (RM'000)
<b>Matrix International Berhad and its unlisted subsidiary companies</b>			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems and related services	International Lottery & Totalizator Systems, Inc.	185
Berjaya Times Square Sdn Bhd	Parking charges	Sports Toto Malaysia Sdn Bhd	183
Berjaya TS Management Sdn Bhd	Service charges and sinking fund for maintenance of office block	Magna Mahsuri Sdn Bhd	1,527
<b>Other related parties</b>			
Nautilus Corporation Sdn Bhd	Rental for renting of resort room at Genting View Resort, Pahang for guests use	FEAB Properties Sdn Bhd	18
Qinetics Solutions Sdn Bhd	Receipt of research, development and consultancy of online services	Sports Toto Malaysia Sdn Bhd	235
	Procurement of e-newsletter/ website development and maintenance services	Sports Toto Malaysia Sdn Bhd	15
Graphic Press Group Sdn Bhd	Procurement of Toto betting slips printing services	Sports Toto Malaysia Sdn Bhd	11,452
Quasar Carriage Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Sports Toto Malaysia Sdn Bhd	5,406
Sun Media Corporation Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad	11
GPS Tech Solutions Sdn Bhd	Procurement of remote surveillance services	Sports Toto Malaysia Sdn Bhd	50
MiTV Networks Sdn Bhd	Rental & service charge income from renting office at part of Level 11, Berjaya Times Square	Magna Mahsuri Sdn Bhd	(889)
<b>Dunham-Bush (Malaysia) Bhd and its unlisted subsidiary companies</b>			
Dunham-Bush Sales and Services Sdn Bhd	Purchased of air-conditioning equipment	Berjaya Sports Toto Berhad	490
Topaire Sales and Services Sdn Bhd	Purchased of air-conditioning equipment and procurement of maintenance and service of air-conditioning equipment	Sports Toto Malaysia Sdn Bhd	10

# Statement of Directors' Shareholdings

as at 23 August 2007

## THE COMPANY

	No. of ordinary shares of RM0.10 each			
	Direct Interest	%	Deemed Interest	%
1. Tan Sri Dato' Thong Yaw Hong	538,000	0.04	200,000 62,000 * 243,000 #	0.02 0.005 0.019
2. Dato' Robin Tan Yeong Ching	732,000	0.06	-	-
3. Ng Foo Leong	3,600,000	0.29	1,000,000 *	0.08
4. Datuk Robert Yong Kuen Loke	1,826,200	0.14	-	-
5. Chan Kien Sing	3,200	0.00	-	-
6. Freddie Pang Hock Cheng	362,800	0.03	150,062 *	0.012
7. Rayvin Tan Yeong Sheik	84,000	0.01	-	-
8. Tan Sri Dato' Jaffar Bin Abdul	103,750	0.01	-	-
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 23 August 2007.

\* Indirect interest held through spouse.

# Indirect interest held through children.

# Statistics on Shareholdings

as at 23 August 2007

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares	Percentage
less than 100	675	1.74	16,420	0.00
100 - 1,000	12,569	32.40	11,421,493	0.91
1,000 - 10,000	20,846	53.74	84,154,342	6.67
10,001 - 100,000	4,217	10.87	113,403,353	8.99
100,001 - 63,051,503	485	1.25	783,685,840	62.15
63,051,504* and above	1	0.00	268,348,624	21.28
<b>Total</b>	<b>38,793</b>	<b>100.00</b>	<b>1,261,030,072</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

No.	Name	No. of Shares	%
1	<b>HSBC Nominees (Tempatan) Sdn Bhd</b> <i>Exempt An For HSBC (Malaysia) Trustee Berhad (BLand-EB)</i>	268,348,624	21.28
2	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Vincent Tan Chee Yioun (EDT)</i>	50,372,550	3.99
3	<b>RHB Capital Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad (681124)</i>	25,000,000	1.98
4	<b>HSBC Nominees (Asing) Sdn Bhd</b> <i>BBH And Co Boston For GMO Emerging Markets Fund</i>	24,859,000	1.97
5	<b>HSBC Nominees (Asing) Sdn Bhd</b> <i>Exempt An For The Hongkong And Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)</i>	24,488,400	1.94
6	<b>Scotia Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad</i>	23,000,000	1.82
7	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>CIMB Bank For Berjaya Land Bhd (Banking 60)</i>	20,500,000	1.63
8	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	19,661,300	1.56
9	<b>Citigroup Nominees (Asing) Sdn Bhd</b> <i>Exempt An For American International Assurance Company Limited</i>	17,400,800	1.38
10	<b>Cartaban Nominees (Asing) Sdn Bhd</b> <i>SSBT Fund 9P13 For Thornburg Investment Income Builder Fund</i>	17,000,000	1.35
11	<b>Berjaya Land Berhad</b>	16,736,832	1.33
12	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01-00808-010)</i>	16,000,000	1.27
13	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>Exempt An For CIMB -GK Securities Pte Ltd (Retail Clients)</i>	15,153,350	1.20

## THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares	%
14	<b>HSBC Nominees (Asing) Sdn Bhd</b> <i>BNY Brussels For JF Asean Fund</i>	15,000,000	1.19
15	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>CIMB Bank For Berjaya Land Bhd (Banking 80)</i>	15,000,000	1.19
16	<b>ABB Nominee (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (Corp Banking)</i>	15,000,000	1.19
17	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>CIMB Bank For Gateway Benefit Sdn Bhd (Banking 80)</i>	14,000,000	1.11
18	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01-00808-009)</i>	14,000,000	1.11
19	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> <i>Exempt An For Prudential Assurance Malaysia Berhad</i>	13,769,300	1.09
20	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01-00808-000)</i>	13,000,000	1.03
21	<b>Gateway Benefit Sdn Bhd</b>	12,592,500	1.00
22	<b>Cartaban Nominees (Asing) Sdn Bhd</b> <i>Nomura Trust And Banking Company Limited Tokyo For Asia Attr Active Dividend Stock Fund Mother Fund</i>	12,248,300	0.97
23	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> <i>Exempt An For Merrill Lynch Pierce Fenner &amp; Smith Incorporated (Local Resident)</i>	11,962,292	0.95
24	<b>HDM Nominees (Tempatan) Sdn Bhd</b> <i>UOB Kay Hian Pte Ltd For Gateway Benefit Sdn Bhd</i>	7,689,000	0.61
25	<b>EB Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BBB 1)</i>	7,500,000	0.60
26	<b>Cartaban Nominees (Asing) Sdn Bhd</b> <i>Investors Bank And Trust Company for Ishares, Inc</i>	7,478,300	0.59
27	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> <i>Noble Circle (M) Sdn Bhd For Berjaya Land Berhad (49357 KLMN)</i>	7,300,000	0.58
28	<b>Cimsec Nominees (Tempatan) Sdn Bhd</b> <i>CIMB Bank For Berjaya Land Bhd (Banking 30)</i>	6,898,800	0.55
29	<b>Mayban Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01408432026B)</i>	6,735,000	0.53
30	<b>HSBC Nominees (Asing) Sdn Bhd</b> <i>Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)</i>	6,716,700	0.53
		<b>725,411,048</b>	<b>57.52</b>

# Statistics on Shareholdings

as at 23 August 2007

## STATEMENT OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	No. of Shares			
	Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	301,601,903	23.92	-	-
Berjaya Land Berhad	245,122,498	19.44	364,288,008 (a)	28.89
Teras Mewah Sdn Bhd	-	-	609,410,506 (b)	48.33
Berjaya Group Berhad	-	-	621,934,010 (c)	49.32
Berjaya Corporation Berhad	-	-	621,934,010 (d)	49.32
Hotel Resort Enterprise Sdn Bhd	-	-	621,934,010 (e)	49.32
Tan Sri Dato' Seri Vincent Tan Chee Yioun	66,104,950	5.24	623,069,803 (f)	49.41

### Notes:

- (a) Deemed interested by virtue of its 100% interests in Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd, Berjaya Land Development Sdn Bhd and B.L. Capital 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 Sompo Insurance Berhad (formerly known as Berjaya General Insurance Berhad), Inter-Pacific Securities Sdn Bhd and Inter-Pacific Capital Sdn Bhd.
- (d) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.
- (e) Deemed interested by virtue of its interest in Berjaya Corporation Berhad.
- (f) Deemed interested by virtue of his interest in Berjaya Corporation Berhad, B & B Enterprise Sdn Bhd, Berjaya VTCY Sdn Bhd and his deemed interest in Desiran Unggul Sdn Bhd, a wholly-owned subsidiary of Intan Utilities Berhad.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Berjaya Sports Toto Berhad will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 23 October 2007 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 2007 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 2007. RESOLUTION 2
3. To re-elect the following Directors retiring pursuant to Article 98(A) of the Company's Articles of Association:-
  - a) Freddie Pang Hock Cheng RESOLUTION 3
  - b) Datuk Robert Yong Kuen Loke RESOLUTION 4
4. To re-elect the Director, Rayvin Tan Yeong Sheik, who retires pursuant to Article 98(E) of the Company's Articles of Association. RESOLUTION 5
5. To re-appoint Tan Sri Dato' Thong Yaw Hong as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. RESOLUTION 6
6. To re-appoint Tan Sri Dato' Jaffar Bin Abdul as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. RESOLUTION 7
7. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. RESOLUTION 8
8. As special business:-
  - a) To consider and, if thought fit, pass the following Ordinary Resolutions :-
    - (i) **Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965**

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

RESOLUTION 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 to shareholders dated 1 October 2007 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

## Notice of Annual General Meeting

- (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 90,000,000 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 reserve of the Company. Based on the latest audited accounts as at 30 April 2007, the retained profits and share premium reserve of the Company were RM247.057 million and RM207.431 million respectively;
3. the authority shall commence immediately upon passing of this resolution until:-
  - (a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at a general meeting whereby the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
  - (c) the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

4. upon completion of the purchase(s) of the ordinary shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased, retain all the shares as treasury shares for future re-sale or for distribution as dividend to the shareholders of the Company or retain part thereof as treasury shares and subsequently cancelling the balance, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.”

RESOLUTION 11

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

### **Proposed Amendments to the Company's Articles of Association**

“That the alterations, modifications, deletions and/or additions to the Company's Articles of Association contained in Part C of the Circular to Shareholders dated 1 October 2007 be and are hereby approved.”

RESOLUTION 12

By Order of the Board  
SU SWEE HONG  
Secretary

Kuala Lumpur  
1 October 2007

### **NOTES:**

#### **(A) APPOINTMENT OF PROXY**

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

#### **(B) SPECIAL BUSINESS**

- (i) Resolution 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 not exceeding 10% of the existing issued and paid-up share capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
- (ii) Resolution 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 Resolution 10 is set out in Part A of the Circular to Shareholders dated 1 October 2007 attached to the Annual Report.
- (iii) 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 Part B of the Circular to Shareholders dated 1 October 2007 attached to the Annual Report.
- (iv) Resolution 12 relates to the proposed amendments to the Articles of Association of the Company to incorporate the current provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. The relevant information of Resolution 12 is set out in Part C of the Circular to Shareholders dated 1 October 2007 attached to the Annual Report.

# Statement Accompanying Notice of Annual General Meeting

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

1. The Directors standing for re-election/re-appointment at the Annual General Meeting of the Company are as follows:-
  - i) Pursuant to Article 98 (A) of the Company's Articles of Association on retirement by rotation:-
    - a) Freddie Pang Hock Cheng
    - b) Datuk Robert Yong Kuen Loke
  - ii) Pursuant to Article 98 (E) of the Company's Articles of Association on Directors appointed since the last annual general meeting:-
    - a) Rayvin Tan Yeong Sheik
  - iii) Pursuant to Section 129 (6) of the Companies Act, 1965:-
    - a) Tan Sri Dato' Thong Yaw Hong
    - b) Tan Sri Dato' Jaffar Bin Abdul

The Director's Profile of the above Directors are set out on page 3 to page 7 of the Annual Report. The information relating to the shareholdings of the above Directors in the Company and its related corporations is set out on page 89 of the Annual Report.

2. Details of Attendance of Directors at Board Meetings held during the financial year ended 30 April 2007 are set out on page 23 of the Annual Report.

# Form of Proxy

**BERJAYA SPORTS TOTO BERHAD**

(COMPANY NO. 9109-K)

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

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

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

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

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

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

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 23 October 2007 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 Freddie Pang Hock Cheng as Director		
RESOLUTION 4 - To re-elect Datuk Robert Yong Kuen Loke as Director		
RESOLUTION 5 - To re-elect Rayvin Tan Yeong Sheik 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 issue and allot 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		
RESOLUTION 12 - To amend the Company's Articles of Association		

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

No. of Shares Held

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2007

## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointor or his attorney duly authorised in writing, and in the case of a corporation, it must be executed either under its common seal or under the hand of its attorney.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office, Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

Fold this flap for sealing

Affix Stamp

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

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1st fold here

## GROUP ADDRESSES

### **Sports Toto Malaysia Sdn Bhd**

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

### **Berjaya Lottery Management (HK) Limited**

Level 28, Three Pacific Place  
1 Queen's Road East, Hong Kong  
Tel: 852-2980 1620  
Fax: 852-2956 2192

### **International Lottery & Totalizator Systems, Inc.**

2310 Cousteau Court,  
Vista (San Diego)  
California 92081-8346  
USA  
Tel: 1 (760) 598 1655  
Fax: 1 (760) 598 0219  
Email: [mktg@ilts.com](mailto:mktg@ilts.com)  
[www.ilts.com](http://www.ilts.com)

### **Prime Gaming Philippines, Inc.**

#### **Philippine Gaming Management Corporation**

9th Floor, Rufino Pacific Tower  
6784 Ayala Ave., cor V.A. Rufino Street, Makati City  
Metro Manila, Philippines  
Tel: 632-811 0668  
Fax: 632-811 2293

## **THE COMPANY SECRETARY**

Lot 13-01A, Level 13 (East Wing)  
Berjaya Times Square  
No.1, Jalan Imbi, 55100 Kuala Lumpur  
Tel: 03-2149 1999  
Fax: 03-2143 1685  
[www.berjaya.cc](http://www.berjaya.cc)

