



**BERJAYA**

**BERJAYA SPORTS TOTO BERHAD**

(Company No. 9109-K)

برجاي سפורتس توتو برحد

成功多多博彩有限公司



**ANNUAL REPORT 2017**



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 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.

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## 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 core businesses of the Group are:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- leasing of online lottery equipment and provision of software support;
- manufacture and distribution of computerised lottery and voting systems; and
- motor retailing, repair and maintenance and provision of aftersales and insurance services.

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.

Sports Toto offers 7 games which are drawn 3 days a week.

Internationally, BToto operates in the Philippines through its subsidiary Berjaya Philippines Inc. (“BPI”) which is listed on the Philippine Stock Exchange. Its wholly-owned subsidiary, Philippine Gaming Management Corporation, supplies and maintains a computerised online lottery system and software support to the Philippine Charity Sweepstakes Office in the Luzon region, Philippines. BPI, through Perdana Hotel Philippines Inc., runs and manages Berjaya Makati Hotel in Makati City, Metro Manila, Philippines.

In the United Kingdom, BPI’s subsidiary, H.R. Owen Plc, operates a number of luxury vehicle dealerships in the prestige and specialist car market for both sales and aftersales, predominantly in London.

In the U.S.A., BToto’s subsidiary, International Lottery & Totalizator Systems, Inc. provides computerised wagering equipment and systems to the online lottery and pari-mutuel racing industries worldwide and voting systems and machines to voting jurisdictions in the U.S.A.

The Group has a total employee strength of 1,451 as at 30 April 2017.

Sports Toto’s financial growth over the past 31 years after its privatisation in 1985 is highlighted below:

	30/4/2017 (Million)		31/12/1985 (Million)		31 Years’ Annualised Increase (%)
	RM	USD	RM	USD	
Revenue	3,120.7	717.2	76.0	21.3	129.2
Pre-tax Profit	332.5	76.4	5.0	1.4	211.3
Equity Funds	183.4	42.1	1.0	0.3	588.4
Total Assets	1,306.4	300.2	12.7	3.6	328.6

Exchange rate as at 30 April 2017 : US\$1.00 : RM4.3515

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman

Cheah Tek Kuang

### Chief Executive Officer

Dato' Sri Robin Tan Yeong Ching

### Executive Directors

Seow Swee Pin

Nerine Tan Sheik Ping

### Non Independent/Non-Executive Directors

Chan Kien Sing

Freddie Pang Hock Cheng

Dato' Dickson Tan Yong Loong

### Independent/Non-Executive Directors

Datuk Robert Yong Kuen Loke

Dato' Oon Weng Boon

## AUDIT COMMITTEE

### Chairman/Independent Non-Executive Director

Cheah Tek Kuang

### Independent/Non-Executive Directors

Datuk Robert Yong Kuen Loke

Dato' Oon Weng Boon

## SECRETARIES

Tham Lai Heng, Michelle  
(MAICSA No. 7013702)

Wong Siew Guek  
(MAICSA No. 7042922)

## SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd  
Lot 06-03, Level 6 (East Wing)

Berjaya Times Square  
No. 1 Jalan Imbi

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

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market

## STOCK SHORT NAME

BJTOTO (1562)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia



## **CHEAH TEK KUANG**

70 years of age, Malaysian, Male  
Chairman  
(Independent/Non-Executive Director)

He was appointed to the Board on 25 July 2012 as the Chairman. He graduated with a Bachelor of Economics (Honours) degree from the University of Malaya. He is a Fellow of the Asian Institute of Chartered Bankers.

He joined the AmBank Group in 1978 and retired as its Group Managing Director on 1 April 2012. Prior to joining AmBank Group, he was attached to the Malaysian Industrial Development Authority. He had also served on the Board of Bursa Malaysia Berhad, Danajamin Nasional Berhad and Cagamas Holdings Bhd.

He is presently an Independent Non-Executive Director of IOI Corporation Berhad, UMW Oil & Gas Corporation Berhad and Eco World International Berhad. He is also a Director of the Yayasan Bursa Malaysia.

He was appointed the Justice of Peace by His Royal Majesty the Sultan of Selangor in 1999.

Cheah Tek Kuang is the Chairman of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee of the Company.

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

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

He was appointed to the Board on 21 February 1998 as an Executive Director and was subsequently 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 and Chief Executive Officer of Berjaya Corporation Berhad and an Executive Director of Sports Toto Malaysia Sdn Bhd. He is the Executive Chairman of Berjaya Food Berhad and the Chairman of Berjaya Media Berhad, Sun Media Corporation Sdn Bhd and Informatics Education Ltd, Singapore. He is also a Director of Atlan Holdings Bhd, Berjaya Golf Resort Berhad and KDE Recreation Berhad. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

His sister, Nerine Tan Sheik Ping and his cousin, Dato' Dickson Tan Yong Loong, are also members of the Board while his father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.

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



## PROFILE OF DIRECTORS



### SEOW SWEE PIN

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

He was appointed to the Board on 17 December 2007 as an Executive Director. He is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and Certified Practising Accountants, Australia. He has extensive working experience in auditing, accounting, financial management and corporate finance. He worked with Messrs Ernst & Young from 1976 to 1984 and was appointed as an Audit Manager in 1982. Between 1984 and 1990, he held senior management positions in several major public listed groups including Group Financial Controller of Island & Peninsular Berhad, Group Chief Accountant of Sime Darby Berhad and Group Chief Accountant of Lion Corporation Berhad. He joined Berjaya Land Berhad as General Manager (Finance) in 1991. In 1994, he was appointed as General Manager (Finance & Operations) of Sports Toto Malaysia Sdn

Bhd and was subsequently promoted to Senior General Manager in 1996.

Currently, he is also an Executive Director of Sports Toto Malaysia Sdn Bhd and Chairman of Philippine Gaming Management Corporation. He is also a Director of Berjaya Philippines Inc. and several other private limited companies.

Seow Swee Pin is a member of the Risk Management Committee of the Company.

### NERINE TAN SHEIK PING

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

She was appointed to the Board on 1 January 2016 as an Executive Director. She graduated with a Bachelor of Science degree in Management (Second Class Honours) from the London School of Economics in 1998.

She has more than 16 years of experience in sales, marketing and business development in several operations. She started work as a Business Development Manager at Cosway (M) Sdn Bhd from January 1999 to September 2002, and was mainly responsible for overseeing the sales and marketing of Cosway products. From September 2000 to March 2003, she was appointed as an Executive Director of eCosway Sdn Bhd to oversee the development of eCosway website with a software developer.

In addition, she was also appointed as Vice President in the Marketing division of Berjaya Resort Management Sdn Bhd (“BRM”) in January 1999 and was appointed as an Executive Director of Berjaya Hotels & Resorts (S) Pte Ltd from January 2005 until her resignation in April 2009. During her tenure at BRM, she was overseeing the sales and marketing functions and development of spa management for different resorts.

In February 2007, she was appointed as the General Manager (Sales & Marketing) of Sports Toto Malaysia Sdn Bhd (“Sports Toto”) and was subsequently promoted as an Executive Director of Sports Toto in April 2010. Currently, she is overseeing the sales and marketing activities of Sports Toto including dealings with Government authorities.

Currently, she is also an Executive Director of Berjaya Land Berhad, Berjaya Corporation Berhad and Berjaya Group Berhad. She also holds directorships in several other private limited companies.

Her brother, Dato’ Sri Robin Tan Yeong Ching and her cousin, Dato’ Dickson Tan Yong Loong, are also members of the Board while her father, Tan Sri Dato’ Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.





**CHAN KIEN SING**

61 years of age, Malaysian, Male  
(Non-Independent/Non-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 AmInvestment Bank Berhad) specialising in corporate finance until his departure in 1989. He joined Berjaya Group Berhad until his recent retirement as an Executive Director on 31 January 2017 and is currently a Non-Independent Non-Executive Director of the Company.

Currently, he is an Executive Director of Berjaya Media Berhad and a Director of Berjaya Corporation Berhad, Berjaya Assets Berhad, 7-Eleven Malaysia Holdings Berhad and International Lottery & Totalizator Systems, Inc., United States of America. He is also the Managing Director of Sun Media Corporation Sdn Bhd and holds directorships in several other private limited companies.

**FREDDIE PANG HOCK CHENG**

62 years of age, Malaysian, Male  
(Non-Independent/Non-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. He joined Berjaya Group of companies in October 1990 until his retirement as an Executive Director on 31 March 2015 and is currently a Non-Independent Non-Executive Director of the Company.



He is also the Chairman of Intan Utilities Berhad and he also holds directorships in several other private limited companies.

## PROFILE OF DIRECTORS



### **DATO' DICKSON TAN YONG LOONG**

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

He was appointed to the Board on 15 March 2011. He graduated with a Bachelor of Science (Honours) degree in Business Management from King's College, University of London, United Kingdom, in 2002. He obtained a Master of Science in Internal Auditing and Management from Cass Business School, City University, United Kingdom, in 2003.

He joined Tropicana Corporation Berhad ("Tropicana") as a Business Development Manager in 2005 and was promoted to several senior management positions prior to his current position as the Deputy Group Chief Executive Officer of Tropicana. Currently, he is overseeing group corporate strategy, marketing, planning and risk management of the Tropicana group of companies.

He is also a Director of Tropicana Golf & Country Resort Berhad and several other local and international private limited companies involved in investment holding, services, media, leisure and retail.

He is affiliated with certain non-profit organizations including as the Deputy Chairman of the Tropicana Foundation, a member of the Kuala Lumpur Business Club and a member of the Malaysian Institute of Management.

His cousins, Dato' Sri Robin Tan Yeong Ching and Nerine Tan Sheik Ping, are also members of the Board while his uncle, Tan Sri Dato' Seri Vincent Tan Chee YOUNG, is a major shareholder of the Company.

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

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

He was appointed to the Board on 1 December 1992. He is a Fellow member of The Institute of Chartered Accountants in England and Wales, and a member of The Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants. He is also a Council Member of the Malaysian Institute of Certified Public Accountants and presently serves as a member of its Executive Committee. 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 there for more than five years in chartered accounting firms in London. Subsequently, he was with Price Waterhouse, Singapore from 1979 to 1982. From 1983 to 1986, he served as the Group Finance Manager in UMW Holdings Berhad and Group Treasurer in Edaran Otomobil Nasional Bhd. He joined Berjaya Group of companies in 1987 until his retirement as an Executive Director on 30 November 2007 and is currently an Independent Non-Executive Director of the Company.

He is also a Director of Berjaya Corporation Berhad, Berjaya Land Berhad and Berjaya Assets Berhad.

Datuk Robert Yong Kuen Loke is a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company.





**DATO' OON WENG BOON**

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

He was appointed to the Board on 27 February 2014 as an Independent Non-Executive Director. He graduated with a Bachelor of Science (Honours) degree in Physics from University of Science Malaysia. Upon graduation in 1994, he started his career in real estate at Henry Butcher Lim & Long (North) Sdn Bhd and was with them for six years as a Marketing Manager. During his tenure at Henry Butcher, he had gained solid foundation and knowledge in the property industry that are exclusive and localized according to various geographical areas. Geared with vast hands-on experience, he went into property development in 2001.

He founded Island LandCap Properties Group Sdn Bhd and Island LandCap Construction Sdn Bhd in 2001 and is presently the Executive Chairman and Chief Executive Officer of the companies respectively (or "ILCP Group"). ILCP Group is principally involved in property development and construction. As Executive Chairman and Chief Executive Officer of the said companies, he is actively involved in all aspects of management and operations of the ILCP Group to ensure higher and sustainable growth are achieved continuously so as to meet the long-term goals of the Group.

He is also a Vice President (2012-2018) for Penang Chinese Chamber of Commerce ("PCCC") and Advisor to PCCC, Young Entrepreneur Section (2012-2018). At the national level, he has been appointed as the Deputy Chairman of the Associated Chinese Chamber of Commerce Malaysia Public Relations Committee ("ACCCIM") (2015-2018) and Advisor to the Young Entrepreneur Committee (2015-2018).

Dato' Oon Weng Boon is a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of the Company.

Save as disclosed, none of the Directors have:-

1. any family relationship with any Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT

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

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

He was appointed to the Board on 21 February 1998 as an Executive Director and subsequently appointed as the Chief Executive Officer of the Company on 21 December 2006. His profile is listed in the Profile of Directors on page 3 of this Annual Report.

## **SEOW SWEE PIN**

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

He was appointed to the Board on 17 December 2007 as an Executive Director of the Company. His profile is listed in the Profile of Directors on page 4 of this Annual Report.

## **NERINE TAN SHEIK PING**

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

She was appointed to the Board on 1 January 2016 as an Executive Director of the Company. Her profile is listed in the Profile of Directors on page 4 of this Annual Report.

## **TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN**

65 years of age, Malaysian,  
Male  
Managing Director/  
Chief Executive Officer  
of Sports Toto Malaysia Sdn  
Bhd

He is an entrepreneur with diverse interests in property development and investment, gaming, stockbroking, manufacturing, retailing, trading, hospitality, Internet-related businesses, environmental and utilities, media, food and beverage, telecommunications, insurance and education through various public and private companies, namely, Berjaya Corporation group of companies, Berjaya Media Berhad, Berjaya Assets Berhad, 7-Eleven Malaysia Holdings Berhad, Berjaya Retail Berhad, Cosway Corporation Limited, Informatics Education Ltd, Intan Utilities Berhad, U Mobile Sdn Bhd and MOL Ventures Pte Ltd.

Currently, he is the Executive Chairman of Berjaya Times Square Sdn Bhd and Chairman of U Mobile Sdn Bhd. He is also the Managing Director/Chief Executive Officer of Sports Toto Malaysia Sdn Bhd.

He also holds directorships in several other private limited companies.

His children, Dato' Sri Robin Tan Yeong Ching and Nerine Tan Sheik Ping, and also his nephew, Dato' Dickson Tan Yong Loong are members of the Board of Berjaya Sports Toto Berhad.

Save as disclosed, none of the Key Senior Management have:-

1. any directorship in public companies and listed issuers;
2. any family relationship with any directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## On behalf of the Board of Directors of Berjaya Sports Toto Berhad ("BToto"), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 30 April 2017.

### FINANCIAL RESULTS

For the financial year under review, the Group reported an increase in revenue of 3.0% to RM5.731 billion, mainly attributed to the higher revenue reported by its subsidiary H.R. Owen Plc ("H.R. Owen"). Pre-tax profit dropped by 15.6% to RM376.1 million from RM445.7 million in the previous financial year, mainly due to the results of its principal subsidiary Sports Toto Malaysia Sdn Bhd ("Sports Toto") which was partly mitigated by the improved results reported by H.R. Owen and International Lottery & Totalizator Systems Inc. ("ILTS").



A Sports Toto outlet.

### DIVIDEND

For the financial year ended 30 April 2017, BToto had declared four interim dividends of an aggregate of 14 sen per share. The total dividend distribution for the financial year ended 30 April 2017 was approximately RM188.7 million, representing about 79.6% of the attributable profit of the Group for the financial year ended 30 April 2017.

### CORPORATE DEVELOPMENT

On 9 December 2016, Berjaya Philippines Inc. ("BPI") announced that it had on 8 December 2016 executed a Share Sale Agreement to purchase from Bentley Motors Limited 6,589,934 shares of H.R. Owen, a subsidiary company of BPI, for a total consideration of £14.8 million (equivalent to RM85.3 million), or £2.25 per share ("Share Purchase"). The Share Purchase was completed in the quarter ended 31 January 2017. Consequently, BPI's equity interest in H.R. Owen had increased from 72.03% to 98.38%.

### REVIEW OF OPERATIONS

#### Malaysia

Sports Toto remained the market leader among all the Number Forecast Operators ("NFO") in the country in terms of total revenue for the financial year under review. Besides the challenging business and economic environment as well as weak consumer sentiment, the presence of illegal NFO operators throughout the country has continued to pose significant challenges to Sports Toto's business.

During the financial year under review, the highest jackpot winning among the games offered was Power Toto 6/55's RM37.2 million, followed by Grand Toto 6/63's RM33.8 million, while the popular Toto 4D Jackpot game's first prize (Jackpot 1) of RM27.4 million was the highest among the 8 rounds of Toto 4D Jackpot 1 won in its category. Toto 4D Jackpot recorded the most frequent winnings among the Jackpot games, while Power Toto 6/55 ranked second after having recorded 3 rounds of jackpot winnings during the financial year. Supreme Toto 6/58's RM57.2 million which was won in 2012 remains the highest jackpot ever won in the Malaysian history.

Sports Toto continued to focus on improving customer service and experience during the financial year. The nationwide installation of new vertical signboards featuring a neater look of digit and lotto games was duly completed in June 2016. Sports Toto's Facebook page was launched in June 2016, and subsequently, Sports Toto's online application with improved features and a fresher interface, operating on Android and iOS versions, was introduced in September 2016.



A lotto sales counter in Metro Manila, Philippines.

In March 2017, Sports Toto also initiated an upgrading exercise of its communication network equipment including network core, back-end servers and outlet switches. The delivery and installation, expected to be completed by September 2017, will improve the performance speed as well as result in scalable capacity with a lower rate of network communication failure.

Sports Toto has also recently embarked on a certification exercise for its lottery business systems to secure ISO/IEC 27001 accreditation and World Lottery Association (WLA) Security Control Standard which is expected to complete by end of 2017. The exercise aims to demonstrate that Sports Toto is conforming to the international best practices for key information security and business management systems in the online lottery services category.

In pursuit of a more holistic and responsible approach to its business, Sports Toto's newly-formed sustainability reporting working group undertook a review and consultation exercise to assess key business practices in accordance with the sustainability management framework established by BToto,



CheckWin scanner is well-liked by Toto customers.

in line with the Bursa Malaysia Securities Berhad's ("Bursa Securities") guidelines. Please refer to the Statement on Sustainability on page 23 to page 39 of this Annual Report for more details.

## The Philippines

Berjaya Philippines Inc.'s ("BPI") main subsidiaries comprise Philippine Gaming Management Corporation ("PGMC"), H.R. Owen Plc ("H.R. Owen") and Perdana Hotel Philippines Inc. ("PHPI").

PGMC which operates the business of leasing of online lottery equipment and providing software support to the Philippine Charity Sweepstakes Office ("PCSO") had installed a total of 4,738 lottery terminals in 4,507 outlets in the Luzon Region as at 30 April 2017. In addition to the existing ISO 27001:2013 certification, PGMC was awarded the UK-based Information Security Management System (ISO 9001:2015) certification issued by DNV GL Business Assurance Singapore Private Limited on 9 May 2017. This ISO certification affirms PGMC's ability to consistently provide services that meet customer and regulatory requirements, besides demonstrating PGMC's conformance to the best practices of international information security for gaming systems, particularly in data centre operations.

H.R. Owen, a luxury motor retailer, operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in London, UK. During the financial year under review, H.R. Owen increased its throughput and sales turnover from its dealerships with showrooms and aftersales facilities for the prestigious marques it represents. These include 17 sales franchises and 16 aftersales franchises for Aston Martin, Audi, BMW/MINI, Bentley, Bugatti, Ferrari, Lamborghini, Lotus, Maserati and Rolls-Royce.



H.R. Owen VIP services at City Concours 2017, London.



Deluxe room in Berjaya Makati Hotel, Metro Manila.

PHPI operates the Berjaya Makati Hotel (previously known as Berjaya Manila Hotel) in Makati City, Metro Manila. For the financial year under review, the average room occupancy rate dropped by 1.1% to 64.2%, mainly due to stiff competition from a newly-opened hotel in the vicinity.

**The United States of America**

International Lottery & Totalizator Systems, Inc. (“ILTS”) is a leading supplier of lottery systems with installations worldwide. ILTS offers the entire spectrum of lottery products and services including gaming system software, agent terminals, data communications, consulting, training, facilities management and maintenance support. After more than 3 decades of operations, ILTS has provided more than 65,000 wagering terminals with lottery systems to more than 25 customers in more than 20 countries on 6 continents.



ILTS’ point-of-sale terminals product line.

During the financial year under review, ILTS secured a new contract to supply Berjaya Gia Think Investment Technology Joint Stock Company (“BGT”) with a complete ILTS DataTrakII lottery system and terminals, including central system hardware and software. Additionally, under the terms of the agreement, ILTS also provided BGT with a number of services including installation, training and technical support. BGT has an exclusive contract to invest in and operate a nationwide computerized lottery in Vietnam under a business cooperation contract with Vietnam Computerised Lottery One Member Limited Liability Company, a Vietnamese Ministry of Finance company, the only enterprise permitted to conduct computerized lottery business in Vietnam. During the financial year, ILTS also delivered to PGMC additional lottery terminals and associated services.

For its voting business segment, ILTS’ wholly-owned subsidiary, Unisyn Voting Solutions, Inc. (“Unisyn”), continued to make progress with additional sales directly and through its authorized sales representatives. Unisyn’s OpenElect® voting systems and products are currently installed and used in more than 180 counties in the states of Arizona, Indiana, Illinois, Iowa, Kansas, Missouri, Tennessee, Ohio, Utah and Virginia. Its OpenElect® digital optical scan election system and voting machines were successfully used to run the elections in the aforesaid states in the November 2016 U.S. presidential election.

Unisyn has become the preferred voting system provider in multiple states ever since its OpenElect® suite of precinct-based optical scan election systems became the first to receive the U.S. 2005 Voluntary Voting System Guidelines Certification in January 2010 from the United States Election Assistance Commission. The OpenElect® Suites of Unisyn include election products, namely OpenElect® Voting Optical Scan, OpenElect® Optical Voting Interface, OpenElect® Central Scan and the OpenElect® Central Suite. Unisyn also provides technical election support to Los Angeles County, the largest voting jurisdiction in the U.S. with a voting age population of more than 5.5 million.

**SUSTAINABILITY**

In line with Bursa Securities’ guidelines, Sustainability Reporting is now included as part of Berjaya Sports Toto Berhad Annual Report beginning from this financial year ended 30 April 2017.

BToto has been reporting a wide range of corporate social responsibility initiatives carried out throughout the years. The introduction of Sustainability Reporting marks the beginning of a deeper commitment by BToto towards discharging our social responsibility. We embrace this natural progression considering that stakeholders are increasingly interested in understanding a company's approach in managing its economic, social and environmental impacts, opportunities and risks.

Towards establishing an effective sustainability management framework for the Company, a sustainability working committee has been set up in 2016 to specifically look into the policy, planning and implementation of sustainability practices in our entire business operation.

Our management is taking steps to look into every area of our business operations with a view to finding avenues for integrating sustainability elements in the course of conducting our businesses. The Company aims to take the approach of progressively improving our sustainability practices.

### FUTURE OUTLOOK AND PROSPECTS

The Malaysian economy grew at its fastest in two years at 5.6% in the first quarter of 2017. According to Bank Negara Malaysia's projections, GDP growth is expected to be sustained at 4.3% to 4.8% in 2017, underpinned by domestic demand which has continued to drive the economy, recovery in commodity prices and external demand resulting from improved growth in advanced and emerging market economies. Be that as it may, there are existential challenges like inflationary pressure due to the cost-push factors of recovering fuel prices and weak Ringgit performance, as well as geopolitical concerns and other forms of uncertainties at the global level. Against a challenging environment, Sports Toto will strive to maintain its dominance in the NFO sector by staying resilient and relevant with continuous improvements in game offerings and customer experience.

In the Philippines, PGMC will work with PCSO to promote its existing games and introduce new games to sustain its profitability going forward. In the United Kingdom, BPI's subsidiary, H.R. Owen, is expected to continue to complement

BPI's business performance. BPI's other investment in PHPI is expected to generate higher revenue from its hotel rooms, food and beverage and banquet sales because of its refurbished facilities and renovations.

With the intense competition from the illegal gaming activities coupled with rising costs and weak consumer sentiment, the Directors expect the NFO business to remain challenging for the financial year ending 30 April 2018.

### APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to Mr Chan Kien Sing who retired as an Executive Director of BToto with effect from 31 January 2017 for his past contribution and support for more than 23 years. Mr Chan Kien Sing continues to be a member of the Board and has been re-designated as a Non-Independent Non-Executive Director of BToto.

I wish to convey the Board's heartfelt appreciation to our customers, shareholders, business associates, financiers, analysts, members of the media, government authorities and other stakeholders for their continued support, cooperation and assistance to us.

The Board is also pleased to acknowledge the management, employees and agents for continuously serving the Company with dedication.

Last but not least, my personal thanks to my fellow colleagues on the Board for their commitment, active participation and contribution, and I look forward to their continued support.

### CHEAH TEK KUANG

Chairman

31 July 2017

## 本人谨代表成功多多博彩有限公司(“成功多多博彩”)董事部，欣然向各位提呈截至2017年4月30日财政年的年度报告及经审计财务报告。

### 业绩

在检讨中的财政年，本集团录得的营收上扬3.0%至57亿3100万令吉，主要归功于子公司H.R. Owen所录得的较高营收。税前盈利从上一财政年的4亿4570万令吉，下滑15.6%至3亿7610万令吉，主要归咎于集团旗下主要子公司多多博彩马来西亚私人有限公司(“多多博彩”)所录得的业绩，惟H.R. Owen以及国际博彩与赛马测彩系统有限公司(International Lottery & Totalizator Systems Inc.)(“ILTS”)所取得的较好业绩抵消了部分冲击。

### 股息

成功多多博彩已在截至2017年4月30日的财政年内，4度宣布中期股息，总额为每股14仙。在截至2017年4月30日的财政年中所派发的股息总额达至大约1亿8870万令吉，相等于本集团在截至2017年4月30日的财政年中，约79.6%的可分派盈利。

### 企业发展

在2016年12月9日，菲律宾成功股份有限公司(“BPI”)宣布，该公司在2016年12月8日执行了一项股权买卖协议，即以1480万英镑(等于8530万令吉)或每股2.25英镑的代价，向宾利汽车有限公司(Bentley Motors Limited)收购BPI旗下子公司H.R. Owen的658万9934股股票(“股份收购”)。这项股份收购已在截至2017年1月31日的季度内完成交易。最终，BPI在H.R. Owen的持股已从72.03%增加至98.38%。

### 业务检讨

#### 马来西亚

多多博彩在检讨中的财政年，依然凭着营收总额持续成为国内领先的测字业者。在经商与经济环境深具挑战以及消费情绪持续疲弱的同时，国内各地的非法测字业者亦持续对多多博彩的业务造成巨大挑战。

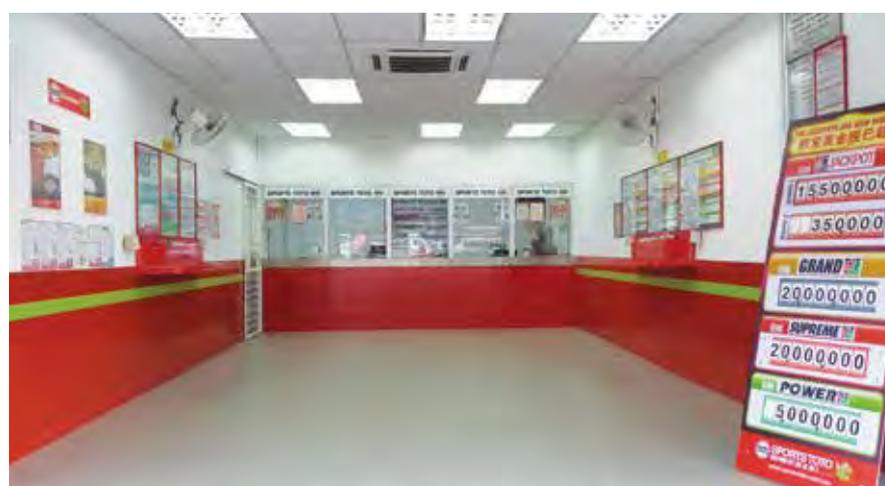
在检讨中的财政年，至尊多多六合彩(6/55)游戏所派出一笔总值3720万令吉的积宝奖金，是所有数字游戏中派出最高的奖金数额，紧接着的是鸿运多多六合彩(6/63)游戏派出的一笔总值3380万令吉积宝奖金。向来备受客户追捧的多多万字积宝游戏共派出8份积宝首奖奖金，而当中奖金数额最高的1份奖项总值2740万令吉。多多万字积宝是所有积宝游戏中派出最多份奖金的游戏，紧接着的是在现财政年中曾派出3份积宝奖金的至尊多多六合彩(6/55)游戏。好运多多六合彩(6/58)游戏曾在2012年派出总值5720万令吉的积宝奖金，至今仍是我国有史以来被赢走的最高积宝奖金。

多多博彩持续在现财政年中专注改善客户服务与体验素质。该公司已于2016年6月在全马各地的多多销售站，完成安装清楚展示数字和乐多游戏开奖资讯的直立式告示板。多多博彩也在2016年6月推介其脸书专页，随后在2016年9月推出安卓和苹果手机软体，为用户带来升级版功能和崭新介面。

在2017年3月，多多博彩也为其网络通讯设备包括核心网络、后端伺服器和网络交换机进行提升工作。这项预计在2017年9月竣工的交付与安装工作一旦完成后，将提升运行速度、扩大容量并降低网络通讯当机的机率。



至尊多多六合彩(6/55)积宝中奖消息海报。



多多博彩销售站。

多多博彩也在近期为其博彩业务系统着手申请ISO/IEC 27001认证以及世界博彩协会安全管控标准认证，并预计能在2017年杪前取得认证。这项认证程序旨在体现多多博彩在有关线上博彩服务的关键资讯安全与业务管理系统方面，遵循国际性最佳实践标准。

为确保其经商模式更具整体化及负责任，多多博彩遵循大马交易所的指南而成立了一个可持续发展报告工作小组，依据成功多多博彩所建设的可持续发展管理框架进行检讨和咨询工作，以评估各项关键业务作业做法。读者欲知更多详情，请参阅本年报第23页至39页的可持续发展报告。

## 菲律宾

菲律宾成功股份有限公司(“BPI”)旗下主要子公司为Philippine Gaming Management Corporation (“PGMC”)、H.R. Owen 以及Perdana Hotel Philippines Inc.(“PHPI”)。

让菲律宾慈善大彩办事处(“PCSO”)承租其线上博彩配备，并提供前者软件支援服务的PGMC在截至2017年4月30日为止，已在位于吕宋区域的4507家销售站安装了4738台彩票终端机。除了现有的ISO 27001:2013认证，PGMC也在2017年5月9日获得由新加坡DNV GL商业验证私人有限公司颁发的英国资讯安全管理系统(ISO 9001:2015)认证。这项认证肯定了PGMC在博彩系统，特别是数据中心营运方面，遵循国际性资讯安全最佳实践标准之余，也不间断地提供服务以迎合客户需求并符合执法当局的规定。

豪华轿车经销商H.R. Owen主要在英国伦敦以特许经营模式销售豪华汽车与特殊轿车品牌汽车，并提供售后服务。在检讨中的财政年，H.R. Owen通过其代理的豪华轿车品牌包括阿斯顿马丁、奥迪、宝马/迷你、宾利、布佳迪、法拉利、蓝宝坚尼、莲花、玛莎拉蒂和劳斯莱斯的展销厅和售后服务设施，录得较高的产量和销售额。

PHPI经营位于马尼拉大都会马卡迪市的成功马卡迪酒店(前称为成功马尼拉酒店)。在检讨中的财政年，其平均入住率下滑1.1%至64.2%，主要因为该酒店正面对来自毗邻一家新开张营业的酒店之激烈竞争。

## 美国

国际博彩与赛马测彩系统有限公司(International Lottery & Totalizator Systems Inc.)(“ILTS”)是在全球皆有业务的领先博彩系统供应商。ILTS提供完整的博彩产品和服务，包括博彩系统软件、代理终端机、数据通讯、咨询、培训、设施管理和维修支援。经营业务已有逾30年之久的ILTS在全球6大洲逾20个国家为超过25个客户安装博彩系统，更交付了逾6万5000台投注终端机。

在检讨中的财政年，ILTS获得一项新合约，即为成功Gia Thinh投资科技股份公司(“BGT”)供应完整的ILTS DataTrakII彩票系统与终端机，包括中央系统软硬件。此外，根据协议，ILTS也提供BGT一系列服务包括安装、培训和技术支援。持有一项独家合约的BGT与越南财政部旗下唯一获准在该国经营电脑化彩票业务的国有企业——越南电脑化彩票一人有限责任公司签订一项商业合作合约，以在越南境内各地投资并经营电脑化彩票系统。ILTS也在现财政年中提供PGMC额外的彩票终端机及相关服务。

在投票业务方面，ILTS旗下独资子公司Unisyn投票解决方案公司(Unisyn Voting Solutions, Inc.)(“Unisyn”)持续通过直接销售以及授权销售代理录得更高的营收。目前，亚利桑那、印第安纳、伊利诺伊、爱荷华、堪萨斯、密苏里、田纳西、俄亥俄、犹他和维基尼亚州内逾180个郡，已安装并使用Unisyn的OpenElect®投票系统与产品。其OpenElect®数码光学扫描选举系统和投票机器在上述州属于2016年11月举行的美国总统选举期间，成功执行选举程序。



H.R. Owen在2017伦敦汽车展览会的展览亭。



ILTS旗下子公司Unisyn用作投票用途的OpenElect投票机器。

自Unisyn以选区为基础的光学扫描选举系统——OpenElect®配套产品，成为首个在2010年1月获得由美国选举援助委员会颁发的美国2005年自愿投票系统指南认证的投票产品之后，该公司已成为美国多个州属首选的投票系统供应商。Unisyn的OpenElect®配套产品包括OpenElect®投票光学扫描、OpenElect®光学投票介面、OpenElect®中央扫描以及OpenElect®中央配套的投票产品。Unisyn也为美国最大并且拥有逾550万符合投票年龄人口的选区——洛杉矶郡，提供技术支援。

### 可持续发展

为遵循大马交易所的指南，从截至2017年4月30日的财政年开始，成功多多博彩有限公司的年度报告将纳入可持续发展报告。

成功多多博彩多年来都不间断地在年度报告中，列述所推动的各类企业社会责任举措。可持续发展报告的推介开启了成功多多博彩欲进一步履行其社会责任的承诺。本集团视此举为一项自然的逐步进展，因为利益相关者越来越有兴趣了解公司如何管理其对经济、社会和环境所造成的影响，以及当中的契机与危机。

为了建立一个有效的可持续发展管理框架，本公司在2016年成立了一个可持续发展报告工作委员会，以检视本公司所有业务运作中所涉及的可持续性实践做法之政策、策划和执行事宜。

本公司管理层正逐步检视业务运作中的各个层面，想方设法将可持续发展的元素纳入所经营的业务中，并朝逐步改善可持续性实践做法的目标前进。

### 未来展望与前景

我国经济在2017年首季成长5.6%，也是过去2年来增长幅度最高的一次。根据国家银行的预测，随着内需持续推动经济以及先进国家和新兴市场经济体取得更好的成长而令原产品价格和外在需求回扬，我国的国内生产总值之增长幅度将在2017年持续录得4.3%至4.8%。尽管如此，目前的经济环境依然存在各类挑战，例如油价回扬和马币走弱令各类成本上升而导致的通胀压力，以及国际上的地缘政治问题和各类不确定性因素。为应对如此挑战的环境，多多博彩将努力不懈，持续提升其游戏并改善客户体验以确保该公司在市场中仍继续保有其韧性和市占率，藉此维持其在测字业中的领先地位。

在菲律宾，PGMC将与PCSO合作以促销现有游戏及推介新游戏以持续录得盈利。在英国，BPI旗下子公司H.R. Owen预料会继续辅助BPI提升其业绩。基于翻新设施和装修工程，BPI在PHPI的投资项目预料会通过其客房、餐饮和宴会销售而取得更高的营收。

基于来自非法博彩活动的激烈竞争、高涨的消费成本和疲弱的消费情绪，董事部成员们预料测字业务将在截至2018年4月30日的财政年中继续面对挑战。

### 感谢

本人谨代表董事部，至诚感激在2017年1月31日正式卸任成功多多博彩执行董事一职的陈健星先生，在过去逾23年来不间断地贡献并支持本集团。陈健星先生依然是董事部成员，并转任成功多多博彩非独立非执行董事一职。

我在此向所有给予鼎力支持、合作和协助的顾客、股东、来往商家、融资机构、分析员、媒体朋友、政府监管单位和其他单位致上诚挚的谢意。

董事部也在此深深感谢管理层、员工和代理们无私并敬业地奉献公司。

最后，本人也感谢诸位董事部成员的积极参与并敬业地为董事部作出贡献，同时冀望他们继续给予支持。

谢德光  
主席

2017年7月31日

# GROUP FINANCIAL SUMMARY

DESCRIPTION	2017	2017	2016	2015
	USD'000	RM'000	RM'000 (Restated)	RM'000 (Restated)
Revenue	1,317,108	5,731,396	5,563,227	5,283,644
Profit Before Tax	86,439	376,141	445,658	534,012
Profit For The Year	56,695	246,707	318,092	373,304
Non-Controlling Interests	(2,201)	(9,576)	(9,452)	(11,694)
Profit Attributable To Owners of the Parent	54,494	237,131	308,640	361,610
Share Capital	31,047	135,103	135,103	135,103
Share Premium	-	-	-	-
Reserves	147,760	642,978	641,859	574,106
Equity Funds	178,807	778,081	776,962	709,209
Treasury Shares	(2,312)	(10,061)	(10,061)	(24,712)
Net Equity Funds	176,495	768,020	766,901	684,497
Non-Controlling Interests	10,165	44,232	73,956	71,070
Total Equity	186,660	812,252	840,857	755,567
Other Non-Current Liabilities	956	4,159	4,668	5,285
Long Term Borrowings	126,847	551,974	695,000	495,000
Deferred Tax Liabilities	3,749	16,314	16,641	15,679
Current Liabilities	280,306	1,219,753	1,098,944	990,182
<b>Total Equity And Liabilities</b>	<b>598,518</b>	<b>2,604,452</b>	<b>2,656,110</b>	<b>2,261,713</b>
Property, Plant and Equipment	49,330	214,658	217,226	166,478
Intangible Assets	181,121	788,150	789,537	775,771
Investments	63,129	274,704	230,201	221,003
Deferred Tax Assets	8,812	38,348	43,484	23,692
Current Assets	296,126	1,288,592	1,375,662	1,074,769
<b>Total Assets</b>	<b>598,518</b>	<b>2,604,452</b>	<b>2,656,110</b>	<b>2,261,713</b>
Net Assets Per Share (Cents/Sen)	13.09	56.98	56.89	50.91
Net Earnings Per Share (Cents/Sen)	4.04	17.59	22.88	26.86
Dividend Rate Per Share (Cents/Sen)	3	14.00	19.00 ***	21.50
Net Dividend Amount (USD'000/RM'000)	43,368	188,716	255,160 ^^	289,250

## Notes:

Where additional shares are issued, the earnings per share are calculated on a weighted average number of shares with voting rights in issue.

Exchange rate as at 30 April 2017 : US\$1.00 : RM4.3515

\*\*\* This figure included a share dividend of 2.5 sen per share.

\*\* This figure included a share dividend of 9.5 sen per share.

\* This figure included a share dividend of 30.5 sen per share.

^^ The dividend amount included share dividend based on treasury shares book cost of RM32.9 million.

^ The dividend amount included share dividend based on treasury shares book cost of RM124.7 million.

## The dividend amount included share dividend based on treasury shares book cost of RM126.0 million.

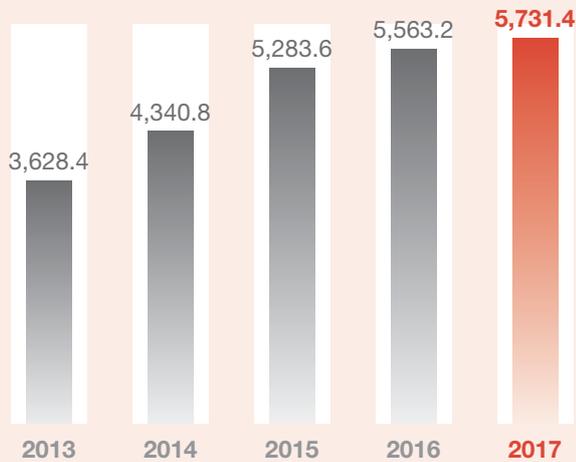
# The dividend amount included share dividend based on treasury shares book cost of RM383.3 million.

## GROUP FINANCIAL SUMMARY

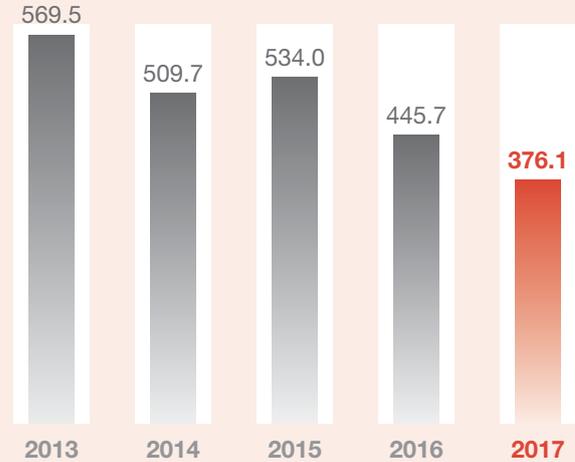
2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
4,340,839	3,628,362	3,607,754	3,433,216	3,392,810	3,695,686	3,277,797
509,722	569,526	579,150	508,402	548,188	585,544	502,627
343,696	403,506	415,685	357,441	388,478	422,016	358,749
(14,990)	(12,421)	(10,209)	(7,680)	(4,974)	(8,462)	(10,086)
328,706	391,085	405,476	349,761	383,504	413,554	348,663
135,103	135,103	135,103	135,103	135,103	135,103	135,103
-	-	-	-	-	207,431	207,431
505,263	467,969	464,715	380,301	371,715	546,512	394,241
640,366	603,072	599,818	515,404	506,818	889,046	736,775
(11,860)	(32,907)	(120,295)	(57,341)	(57,341)	(406,099)	(406,099)
628,506	570,165	479,523	458,063	449,477	482,947	330,676
75,129	43,049	31,399	23,723	15,074	15,959	23,244
703,635	613,214	510,922	481,786	464,551	498,906	353,920
4,898	3,333	2,597	2,423	39,715	38,455	35,996
400,000	400,000	550,000	550,000	305,000	124,247	262,686
4,765	364	380	326	2,129	1,710	2,473
1,039,428	526,159	364,159	412,729	420,189	451,156	369,113
2,152,726	1,543,070	1,428,058	1,447,264	1,231,584	1,114,474	1,024,188
165,398	121,864	131,139	135,900	96,701	101,067	97,653
754,049	644,485	643,857	642,757	643,986	618,358	618,425
194,396	165,803	136,755	113,759	100,921	86,534	86,779
16,991	18,417	12,718	9,776	9,674	5,214	858
1,021,892	592,501	503,589	545,072	380,302	303,301	220,473
2,152,726	1,543,070	1,428,058	1,447,264	1,231,584	1,114,474	1,024,188
46.62	42.45	36.25	34.25	33.61	38.45	26.33
24.66	29.43	30.37	26.15	29.02	32.93	27.60
26.50 **	28 **	27	21	57.50 *	29	35
352,348 ^	372,912 ##	359,406	280,875	728,954 #	316,669	325,974

# GROUP FINANCIAL HIGHLIGHTS

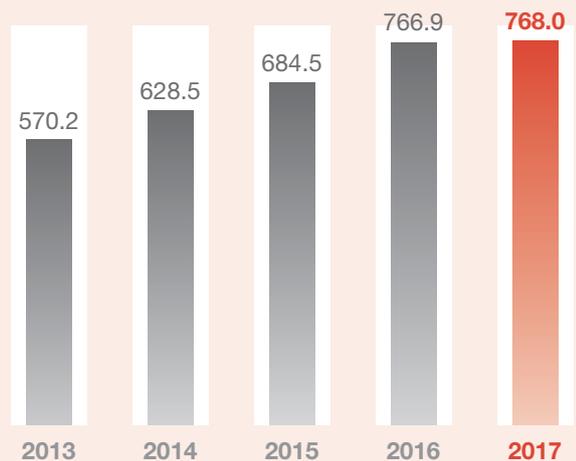
## REVENUE (RM' MILLION)



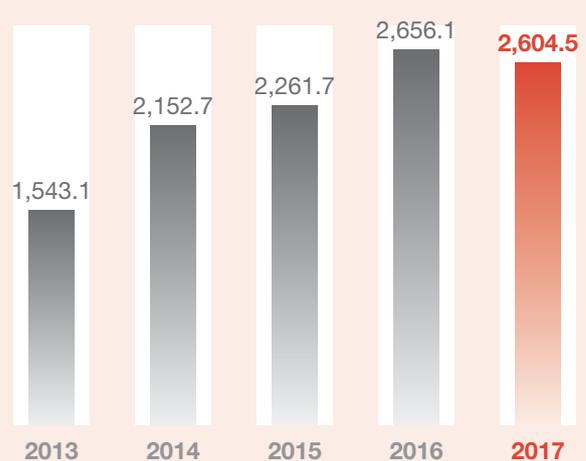
## PROFIT BEFORE TAX (RM' MILLION)



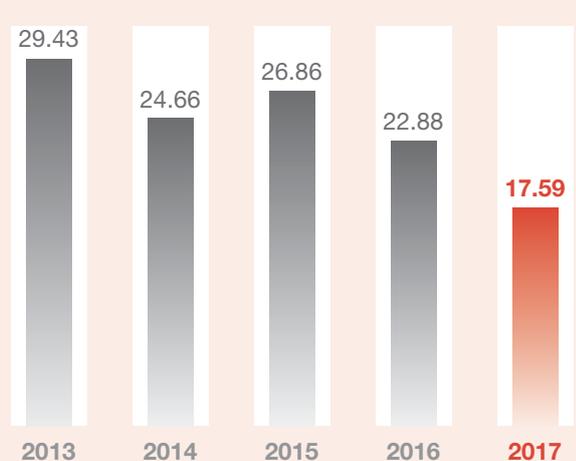
## NET EQUITY FUNDS (RM' MILLION)



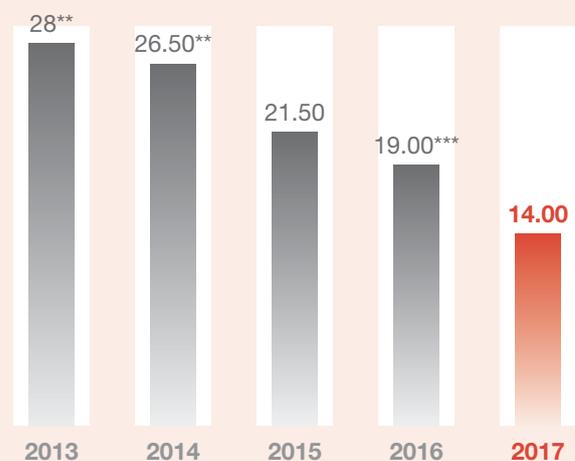
## TOTAL ASSETS (RM' MILLION)



## NET EARNINGS PER SHARE (SEN)



## DIVIDEND RATE PER SHARE (SEN)



\*\*\* This figure included a share dividend of 2.5 sen per share.

\*\* This figure included a share dividend of 9.5 sen per share.

# MANAGEMENT DISCUSSION & ANALYSIS

## Overview

Berjaya Sports Toto (“BToto”) is principally engaged in the operations of Toto betting, leasing of online lottery equipment, and the manufacture and distribution of computerised lottery and voting systems. BToto’s other business segments include the operation of a hotel in the Philippines and luxury motor retailing in the UK.

BToto has four main operating subsidiaries namely Sports Toto Malaysia Sdn Bhd, Berjaya Philippines Inc., International Lottery & Totalizator Systems, Inc. and H.R. Owen Plc.

## MALAYSIA

Sports Toto Malaysia Sdn Bhd (“Sports Toto”), the principal operating subsidiary of BToto, has approximately 680 outlets operating throughout the country, offering 7 games namely Toto 4D, Toto 4D Jackpot, Toto 5D, Toto 6D, Power Toto 6/55, Supreme Toto 6/58 and Grand Toto 6/63 which are drawn three days a week.

## Revenue

For the financial year ended 30 April 2017, Sports Toto recorded revenue of RM3.12 billion compared to the previous year’s revenue of RM3.18 billion, representing a decrease of 1.7%. The company’s revenue for the financial year under review has been stated net of Gaming Tax as well as Goods and Services Tax (“GST”) on gaming supply. Pursuant to a notification from the Royal Malaysian Customs Department (“RMCD”) due to different interpretations on the value of gaming supply under the Goods and Services Tax Act (“GST Act”), Sports Toto made an additional GST adjustment of RM15.6 million in the financial year under review. Sports Toto had subsequently submitted a review application to RMCD’s Director General for a review of RMCD’s decision. Excluding the GST adjustment, the decrease would have been 1.2%. The decrease in revenue was due to lower sales affected by weak consumer sentiment and intense competition from rampant illegal gaming operators in the financial year under review.

Notwithstanding this, Sports Toto continued to remain as the market leader among all the Number Forecast Operators (“NFO”) in the country in terms of total revenue for the financial year under review.

## Profit Before Tax

Profit before tax decreased by 19.9% to RM332.5 million compared to RM415.1 million in the previous financial year. The lower profit before tax was mainly due to GST adjustment, higher prize payout and higher operating expenses incurred in the financial year under review. Consequently, this led to a lower profit before tax margin of 10.7% compared to 13.1% in the previous financial year.

## Profit After Tax

Profit after tax decreased by 22.7% to RM230.6 million compared to RM298.5 million in the previous financial year, in line with the decrease in the profit before tax. This was due to GST adjustment, higher prize payout and higher operating expenses incurred in the financial year under review. Hence, profit after tax margin was lower at 7.4% compared to 9.4% in the previous financial year.

## Prospects

With the intense competition from illegal gaming activities coupled with rising costs and weak consumer sentiment, the Directors envisage the NFO business to be challenging in the financial year ending 30 April 2018. However, the Board expects that Sports Toto will continue to maintain its market share in the NFO sector.

## THE PHILIPPINES

BToto operates in the Philippines through its subsidiary Berjaya Philippines Inc. (“BPI”) which is listed on the Philippine Stock Exchange. BPI’s major investments include wholly-owned subsidiary Philippine Gaming Management Corporation (“PGMC”), 98.38% equity interest in H.R. Owen Plc (“H.R. Owen”) and wholly-owned subsidiary, Perdana Hotel Philippines Inc. (“PHPI”).

PGMC operates the business of leasing online lottery equipment and providing software support in the Luzon Region to the Philippine Charity Sweepstakes Office (“PCSO”), a Philippine government agency responsible for lotteries and sweepstakes; H.R. Owen, a luxury motor retailer, operates a number of vehicle dealerships in the prestige and specialist car market for both sales and aftersales, predominantly in London, UK. PHPI operates Berjaya Makati Hotel in Makati City, Metro Manila.

## Revenue

BPI group recorded 7.5% increase in revenue to Peso28.5 billion from Peso26.5 billion in the previous financial year. The increase was primarily due to higher revenue contribution from H.R. Owen in the financial year under review.

PGMC recorded revenue of Peso1.6 billion, an increase of 1.3% from Peso1.58 billion in the previous financial year, mainly due to an increase in lease rental income in line with the increase in number forecast sales by PCSO.

BPI's other subsidiary, PHPI, which operates Berjaya Makati Hotel in Makati City, recorded revenue of Peso144.2 million compared to Peso146.5 million in the previous financial year. The decrease of 1.6% in revenue was mainly due to a decrease in room occupancy level compared to the previous financial year. Stiff competition from a newly-opened hotel in the vicinity and reduced room booking from the corporate segment contributed to the decline in demand for hotel rooms in Makati City.

## Profit Before Tax

BPI group recorded profit before tax of Peso984.2 million, an increase of 5.7% from the previous financial year, mainly due to higher revenue in the financial year under review.

PGMC's pre-tax profit decreased by 7.3% to Peso794.1 million compared to Peso856.5 million in the previous financial year, mainly due to higher operating costs resulting from the increase of hardware maintenance and advertising expenses as well as increase in contributions towards social causes during the financial year under review.

PHPI's pre-tax profit decreased by 91.2% to Peso0.3 million compared to Peso3.9 million in the previous financial year, mainly due to lower revenue from hotel rooms as well as higher operating expenses incurred in the financial year under review.

## Profit After Tax

BPI group's profit after tax decreased marginally to Peso704.1 million compared to Peso706.3 million in the previous financial year. The effective tax rate for the financial year ended 30 April 2017 was higher at 28.5% compared to 24.2% in the previous financial year, mainly due to certain expenses not deductible for tax purposes in the financial year under review.

## Prospects

The Philippines achieved strong economic growth of 6.9% in 2016 which is expected to moderate to between 6% and 6.5% in 2017.

PCSO is seeking to launch 2 new games and increase the betting draw frequency of its existing games. PCSO is also exploring the use of mobile devices in addition to the traditional lotto outlets to improve accessibility for the betting public to buy lotto tickets.

The increasing arrival of international tourists and sustained domestic travel are positive indications that the tourism and hotel industry in the Philippines will continue to grow. Berjaya Makati Hotel has embarked on a new room type structure and will continue with its refurbishment programmes to drive sales especially in the Deluxe and Premier Room categories. Berjaya Makati Hotel will also continue to focus on customer service and delivery to create customer loyalty and retention in the food and beverage department to increase its profitability.

## THE UNITED STATES OF AMERICA

In the United States, BToto's subsidiary, International Lottery & Totalizator Systems, Inc. ("ILTS") provides computerized wagering equipment and systems to the online lottery and pari-mutuel racing industries worldwide. ILTS owns a voting business segment operated through Unisyn Voting Solutions, Inc. ("Unisyn") which develops and markets the OpenElect® digital optical scan election system to election jurisdictions. The OpenElect® election system is the only digital optical scan voting system built with Java on a streamlined and hardened Linux platform, and Unisyn became the first U.S. voting company to receive, in January 2010, the U.S. 2005 Voluntary Voting System Guidelines certification from the United States Election Assistance Commission for its OpenElect® election system.

## Revenue/Profit Before Tax

For the financial year ended 30 April 2017, ILTS recorded a higher profit before tax of USD7.0 million compared to USD3.4 million in the previous financial year. This was mainly due to the increase in contract sales especially from Berjaya Gia Thinh Investment Technology Joint Stock Company ("BGT") which has an exclusive contract to invest in and operate a nationwide computerized lottery in Vietnam.

## Prospects

ILTS will continue to research and develop new and emerging technologies, with the intention to increase its market share and improve competitiveness in the gaming and voting sector. A key strategy of ILTS is to pursue growth through strategic alliances to gain access to new and tactically important geographical locations and business opportunities, and capitalize on existing business relationships.

## UNITED KINGDOM

In the United Kingdom, BPI's subsidiary, H.R. Owen, is a luxury motor retailer which operates a number of vehicle dealerships in the prestige and specialist car market for both sales and aftersales, predominantly in London.

## Revenue

For the financial year under review, H.R. Owen recorded revenue of £428.2 million compared to £355.6 million in the previous financial year, an increase of 20.4%, mainly due to an increase in the number of new models sold as well as aftersales service hours rendered.

H.R. Owen sold a total of 1,306 new prestige cars in the financial year under review compared to 982 prestige cars sold in the previous financial year, an increase of 33.0%. For pre-owned cars, the number of units sold increased to 1,849 units compared to 1,764 units sold in the previous financial year.

## Profit Before Tax

H.R. Owen's pre-tax profit increased by 77.8% to £2.9 million compared to £1.6 million in the previous financial year, mainly due to higher revenue reported for the financial year under review.

## Capital Investment

H.R. Owen made capital investments totalling £4.5 million, of which £2.2 million was related to a freehold property purchase while the rest was mainly incurred on new car dealerships, showrooms and aftersales facilities during the financial year under review.

## Prospects

H.R. Owen expects to see modest improvement in the remainder of the financial year ending 30 April 2018, with improvements in the Bentley franchise and the used car operation in spite of slowing new car registrations in the UK.

## BTOTO AS A GROUP

### Liquidity and Financial Resources

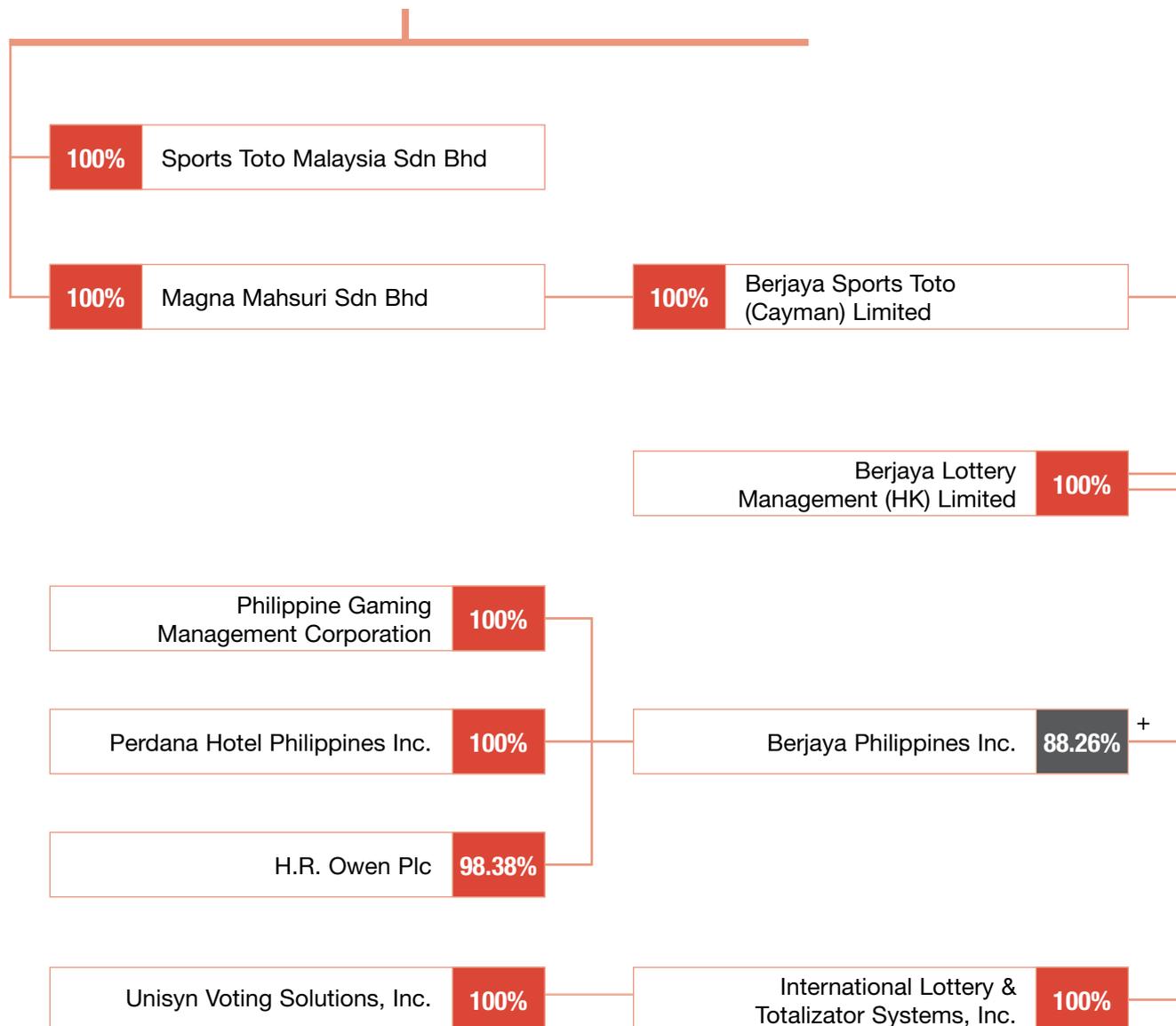
The Group retained cash and cash equivalents of RM384.1 million as at 30 April 2017 (2016: RM530.5 million) with a current ratio of 1.06 times in the financial year under review (2016: 1.25 times).

BToto's total indebtedness as at 30 April 2017, comprising borrowings, vehicle stocking loans and hire purchase payables, was RM1.145 billion (2016: RM1.153 billion). The Group's gearing ratio in this financial year under review was 1.41 times, slightly higher than that in the previous financial year of 1.37 times. The higher gearing ratio was mainly attributable to lower total equity as a result of lower non-controlling interests with the Group's higher equity interest in H. R. Owen during the financial year under review.

# CORPORATE STRUCTURE

of main subsidiary companies as at 31 July 2017

## BERJAYA SPORTS TOTO BERHAD



■ Listed Company  
+ Combined Interest

# STATEMENT ON SUSTAINABILITY

## A. REPORTING PROFILE AND SCOPE

This is Berjaya Sports Toto Berhad's ("BToto" or "the Company") maiden sustainability report released in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide for the financial year ended 30 April 2017.

Moving beyond corporate social responsibility which we have devoted significant resources for over 20 years, we have widened our scope to encompass sustainability as a key consideration in our governance principles, decision-making process and business operations. We are committed to ensuring that material sustainability issues are looked at and addressed on a continuous and progressive basis.

The information available in this statement focuses primarily on the operations and management of economic, social and environmental sustainability of the Company for the financial year ended 30 April 2017.

With due consideration to our principal sustainable development risks and the issues of concern and interest to our stakeholder groups, we have been guided by Bursa Securities' Sustainability Reporting Guide and Toolkits in the process of preparing this statement. The information and data contained herein were derived from internal reporting processes, systems and records.

This statement on sustainability is mainly focused on the Malaysian operations of BToto which it has significant operational control. BToto's business operations in the Philippines, United Kingdom and United States of America are not included in terms of social and environmental sustainability at this juncture.

BToto recognizes the constraints and inherent challenges of its operating environment as well as the expectations of its diverse stakeholders in the course of sustainability development and management.

This statement on sustainability represents a reasonable view of BToto's economic, social and environmental sustainability practices with key material aspects being taken into consideration.

## B. OUR APPROACH TO SUSTAINABILITY

BToto believes that it is vital to consider the economic, social and environmental impacts of our business operations in order to reduce the potential negative impacts arising from the business operations.

The Company strives to conduct its business operations according to pragmatic principles and sustainable practices with a long-term sustainability strategy comprising 3 main aspects:-



### ECONOMIC SUSTAINABILITY

Creating long-term value for shareholders and added value for all the Company's stakeholders

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### SOCIAL SUSTAINABILITY

Dealing with customers and the public according to good market practices and regulatory requirements, conducive workplace practices and community engagement through a variety of initiatives involving the Company's monetary and non-monetary resources

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### ENVIRONMENTAL SUSTAINABILITY

Striving towards reducing our environmental footprint by improving on efficiency of resources and supporting conservation efforts

The Company pursues sustainability goals according to the following sustainability principles:-

- Giving emphasis to sustainability in every part of the value chain of our business operations
- Considering the interests and positions of all stakeholders involved during the planning and implementation process
- Continuously reviewing and assessing our sustainability approaches and practices while keeping them in alignment with our business objectives

## C. STAKEHOLDER ENGAGEMENT

Operating as an effective and sustainable business entity, the Company believes that maintaining a good degree of communication and understanding with all the internal and external stakeholders involved is highly essential. Hence, the Company recognizes the need to conduct a continuous dialogue or discourse and information sharing with the relevant stakeholders.

In line with that belief, the Company has established a series of engagement initiatives with various stakeholders through the respective operating divisions. The input and perspectives gathered from all the relevant stakeholders specialized in their respective fields have been beneficial for the long-term collaboration with the stakeholders, and also the development of the Company's business strategy and operations in respect of the trends, impacts, risks and also opportunities that the Company has to take into account. While being open to the varied viewpoints, the Company remains flexible and agile in responding to the recommendations.

STAKEHOLDER ENGAGEMENT	
 <b>Government and Regulators</b>	Meetings with the regulators on policy matters, issues and concerns arising from the changing operating environment as well as matters that concern the customers and the general public.
 <b>Customers</b>	A customer survey is conducted once every 3 years to keep updated with the customers' needs and expectations for the Company's products and services. Regular outlet visits are ways to keep tabs on customer behaviour too.
 <b>Employees</b>	Open communication through Berjaya Intranet on events, activities, staff promotions as well as messages from the Chief Executive Officer. Berita Sports Toto is a quarterly newsletter that features Sports Toto Malaysia Sdn Bhd's ("Sports Toto") key activities, be it business or social.
 <b>Suppliers</b>	Regular review of major suppliers to provide service delivery feedback and areas of improvement for the mutual benefit of both parties.
 <b>Communities and Non-governmental Organizations</b>	Various community programmes driven through consultation and collaboration with non-governmental organizations ("NGOs") and charitable organizations.

STAKEHOLDER ENGAGEMENT	
 <p><b>Media</b></p>	<p>Regular engagement and updates with the mainstream media of the Company and the industry’s development. Media releases relating to key business development as well as corporate social responsibility activities are made available to the media whenever necessary.</p>
 <p><b>Investors and Stock Analysts</b></p>	<p>Communication via announcements to Bursa Securities, General Meetings, the Company’s website as well as conducting briefings and updates for analysts, fund managers and potential investors as and when required.</p>

**D. COMMITMENTS TO STAKEHOLDERS**

Our commitments to our stakeholders are outlined below:-

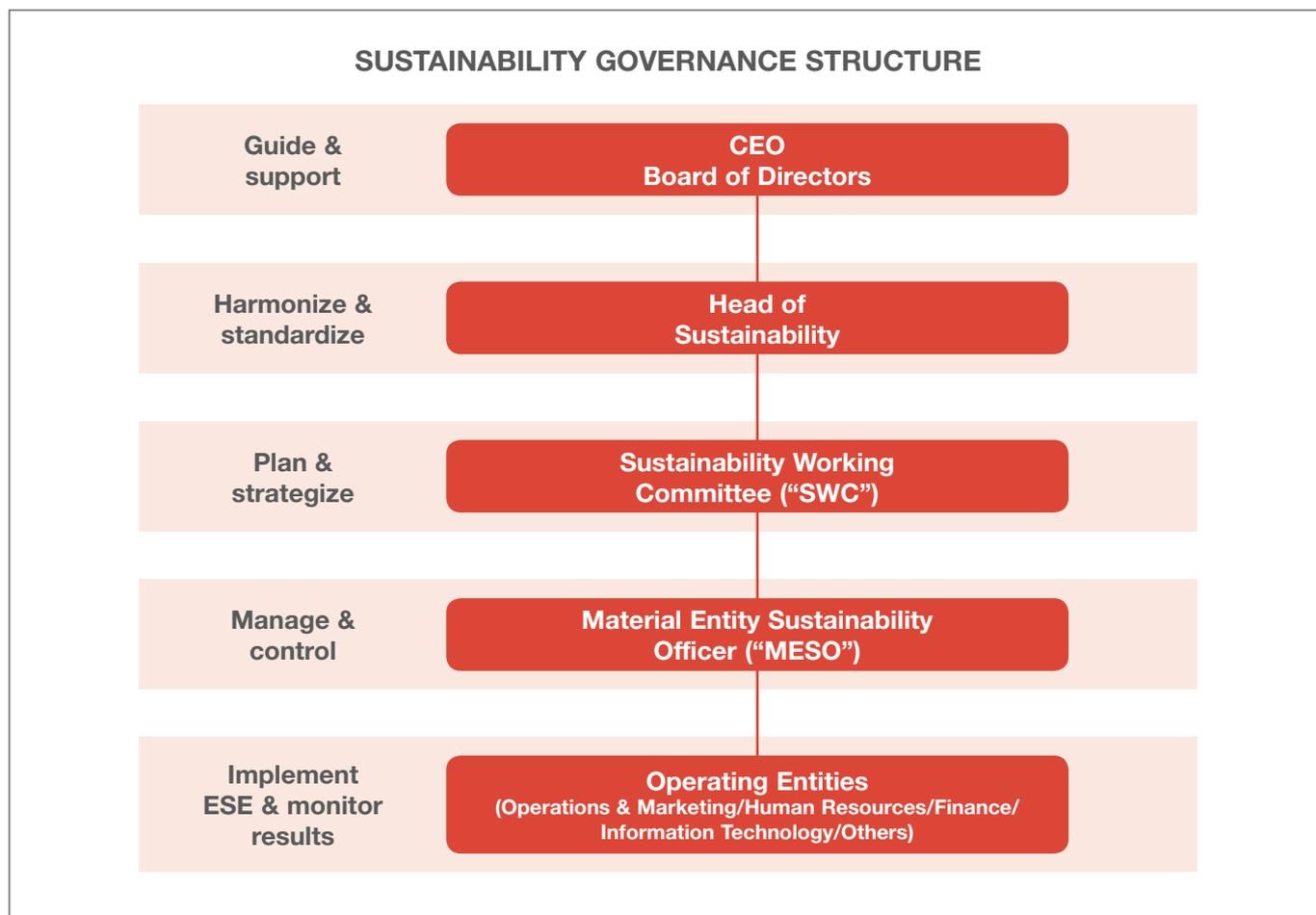
STAKEHOLDERS	COMMITMENTS
 <p><b>Government and Regulators</b></p>	<ul style="list-style-type: none"> <li>Operating the entire business, with systems and procedures which are in line with the regulatory requirements, that ensures safety, accountability, integrity and efficiency.</li> <li>Providing necessary information and working hand in hand with the authorities to counter the proliferation of illegal and unregulated gambling operations.</li> <li>Echoing the Government’s call for the private sector to play an active role in community development.</li> </ul>
 <p><b>Employees and Agents</b></p>	<ul style="list-style-type: none"> <li>Evaluating the training and development needs of every level of employees in order to provide continuous training and up-skilling for better performance of duties and career advancement.</li> <li>Providing a conducive and facilitative working environment.</li> </ul>
 <p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>Ensuring customer confidence with the delivery of a reliable and transparent communication channel through online and offline channels.</li> <li>Providing prompt and efficient assistance to customers.</li> </ul>
 <p><b>Suppliers</b></p>	<ul style="list-style-type: none"> <li>Developing a structured procurement system that ensures a fair play to all suppliers.</li> <li>Suppliers are regularly reviewed to ensure value creation.</li> </ul>
 <p><b>Investors and Stock Analysts</b></p>	<ul style="list-style-type: none"> <li>Working to generate shareholder returns on a sustainable basis.</li> <li>Reporting financial results on a quarterly and annual basis, and major transactions and proposals undertaken by the Company when investor interest is at stake.</li> </ul>
 <p><b>Communities and NGOs</b></p>	<ul style="list-style-type: none"> <li>Nurturing a collaborative relationship with various NGOs and charitable organizations to develop various community programmes.</li> </ul>

## E. GOVERNANCE

BToto has in place a corporate governance structure and processes which are detailed in the Statement on Corporate Governance and Statement on Risk Management and Internal Control sections of this Annual Report.

In line with the Company’s belief that corporate governance and creation of value for stakeholders are mutually dependent as both are critical components for business continuity and sustainability, the Sustainability Working Committee (“SWC”) was formed in 2016. The SWC oversees the overall planning and implementation of sustainability practices and policy in a continuous and systematic manner.

All operating divisions have been charged with the fiduciary duty to take into consideration sustainability in their business strategy planning, operations and processes. While doing that, the Company strives to develop systems to monitor the implementation of its internal control measures and sustainability measures as well as the completeness and reliability of financial, operational, safety, health and environmental management information. The Board and management are committed to continually refining and improving these processes over time. The financial figures in this Statement on Sustainability have been externally verified.

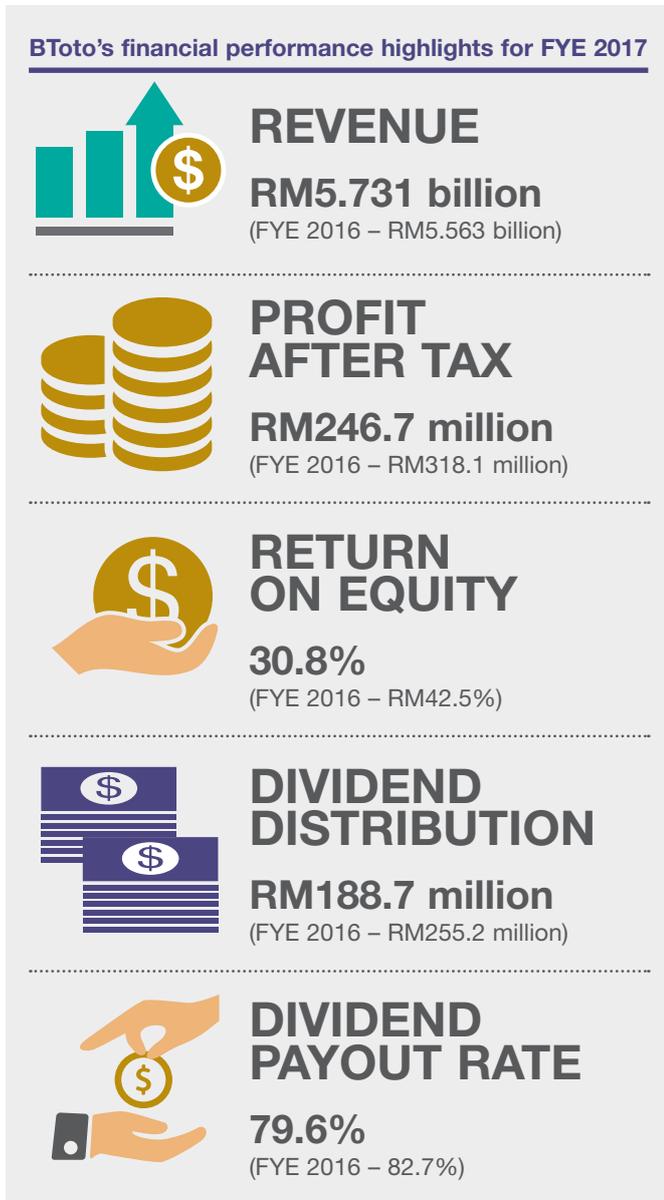


Note: ESE denotes economic, social and environmental aspects.

**F. ECONOMIC SUSTAINABILITY**

**i. Financial Performance**

BToto group is committed to strengthening its financial position and enhancing its competitiveness through adopting good and ethical business practices, corporate governance as well as effective capital management.



Sports Toto, BToto's principal subsidiary, will continue to strive towards long-term business profitability and growth as well as maintaining its leading position in the NFO segment in terms of revenue by being innovative in driving sales, while being in compliance with the relevant laws, regulations, government policies and guidelines.

**ii. Procurement**

BToto's principal subsidiary, Sports Toto, procures a wide range of products and services needed for its Toto lottery operations.

Through our standard operating procedures for purchasing, we drive our company's needs for goods and services towards local procurement while taking into consideration the need to establish a secure, reliable and cost-effective supply chain that conforms to the high standards of quality and delivery. Sports Toto relies on local suppliers for their products using paper imported from various reliable sources.

Where local procurement is not always possible such as the specialized technical equipment for lottery operations, we look for opportunities to procure products and services from other entities within the Group. These include the lottery terminals, central system and software procured from our subsidiary company, International Lottery & Totalizator Systems, Inc. ("ILTS"), which is a leading supplier of lottery system with more than three decades of operations and has provided lottery systems with installations for over 25 customers in more than 20 countries, having supplied more than 65,000 wagering terminals.

**"ILTS has provided lottery systems with installations for over 25 customers in more than 20 countries."**

The procurement process is critical to our ongoing sustainability as a lottery business and the delivery of value to all stakeholders in terms of security aspects, proprietary reasons and specialized needs of our company.

**iii. Indirect Economic Impact**

Sports Toto believes in the improvement of living standards including those of its employees in order to create a sustainable and productive environment in the workplace and society.

Sports Toto's corporate social responsibility ("CSR") programme and other community development projects have earned the company goodwill and acceptance as a respectable corporate entity in the Malaysian society.

Our CSR initiatives, comprising the core areas of community, sports, education as well as popular entertainment have uplifted the lives of not just the beneficiaries in terms of financial needs and sustainable living but also provided monetary and non-monetary support to NGOs, social enterprises and contractors who play facilitating roles. The Chinese New Year Ang Pow Donation Campaign, in its 29<sup>th</sup> year now, is a huge annual CSR initiative that has reached out to many needy senior citizens.

Sports Toto has over the years been very supportive of numerous community sports activities and substantial annual contributions to the National Sports Council have been beneficial to the national development of sports.

More details of our CSR initiatives are included in the Community Support sub-section under the Social Sustainability section.

## G. SOCIAL SUSTAINABILITY



### i. Product and Service Compliance

Being a responsible gaming company, Sports Toto adheres to the laws and regulations set by the Ministry of Finance (“MOF”).

As a company mainly involved in the gaming business, maintaining a good public image at all times is essential.

“Be A Responsible Player” reminder message available on Sports Toto’s website [www.sportstoto.com.my](http://www.sportstoto.com.my) clearly states that Toto players must be 21 years old and above; they should play within their financial means and that they should self-evaluate their financial status.

Every Sports Toto outlet has in place a public notice to prohibit minors and Muslims from betting.

### ii. Marketing and Communication Practices



The normal marketing tools and platforms that we use are product posters and leaflets, Jackpot games level display boards, draw results advertisements through mainstream print media, website, social media and other online applications. At selected outlets, we have installed LED display units to inform our customers of our products and services as well as CSR activities.

Through collaboration with NTV7, brand awareness is generated via the charity-themed programme titled “Helping Hands” where repairs and makeovers of selected

beneficiary homes and schools are carried out to improve their living or study environment.

On air over the radio, we support public service announcements to inculcate good living tips or values and also festival greetings.

### iii. Customer Care and Experience



To enhance customer care, Sports Toto has set up a Customer Service Unit as a unit of the Sales & Marketing Department to primarily attend to call-ins, walk-ins, write-ins, webmaster enquiries and live chats from customers.

The various customer service platforms mean communication options for customers. They may conveniently call in for an enquiry or service issue. Customers can visit Sports Toto’s headquarters to make an enquiry or lodge a complaint. Customers’ correspondence via email or post are also taken seriously and attended to promptly. Customers may also log in to Sports Toto’s website to communicate via the webmaster or send messages on Sports Toto’s Facebook.

The standard guideline for a reply and resolution of an issue is within 3 to 5 working days, depending on the nature of the issue.

Sports Toto also has in place periodic electronic communication with its web subscribers with regards to draw results announcements, Jackpot updates, special draw announcements, seasonal greetings, winning stories, marketing & promotions as well as CSR activities. A live chat facility is also available on Sports Toto’s website to enable real-time interaction with customers from 9am to 6pm on weekdays.

### iv. Key Supply Chain



We have established a key supply chain for key materials, equipment and services for the Toto lottery business and operations.

To ensure continuity of the key supply chain, we have thermal paper supply agreements in place with the local supplier which has a track record of uninterrupted supply and a back-up plan for alternative sources of paper materials, with reviews on a periodic basis by our management.

The system software and lottery terminals are supplied by our subsidiary, ILTS and managed by the Information Technology and Field Support Departments. Telecommunication channels are monitored by the Network Service Department with support from Telekom Malaysia, the owner of the telecommunication backbone based on the Service Level Agreements.

We select and approve suppliers based on their ability to provide us with competitive and quality supplies and services on a long-term basis.



**v. Information Security and Privacy**

We respect the privacy and information security of our employees and customers.

In compliance with the Personal Data Protection Act 2010, a privacy policy ([http://www.sportstoto.com.my/popup\\_private\\_policyE.asp](http://www.sportstoto.com.my/popup_private_policyE.asp)) has been published on our website which states clearly the use of customers' personal information. Methods and purposes of personal information collected are clearly explained in the privacy policy.

Sports Toto views the privacy of the customers with utmost importance. A designated area is created for walk-in customers to claim their winnings, offering a private and secure environment to the customers.

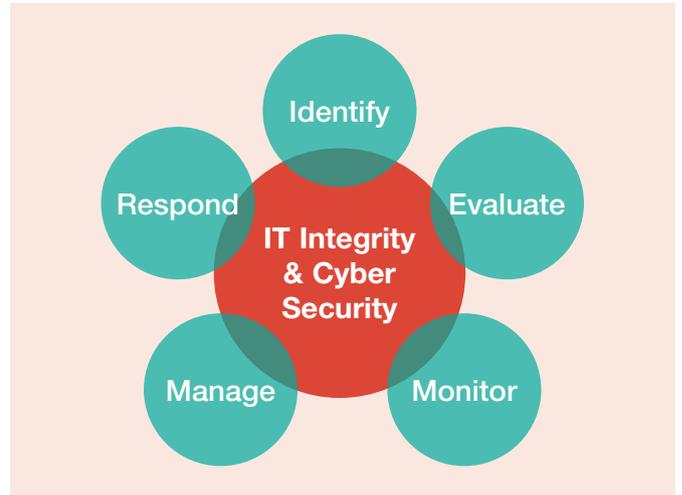
Measures to enhance the security and privacy of customers' personal information are constantly reviewed and improved on.



**vi. IT Integrity, Cyber Security and Other Security-related Practices**

Information technology (IT) integrity and cyber security are of vital importance to the gaming operations. To ensure consistently stable system availability and continuity, we have incorporated preventive measures in our operating systems to minimize any exposure to cyber security risk. We have also constantly worked to identify potential vulnerabilities in our operating environment, and ensure timely response and recovery in the event of a cyber breach.

As new or potential threats may cause malicious or deliberate damage in the cyber environment, we have in place a system to continuously identify, evaluate, monitor, manage and respond to any IT integrity or cyber security issue.



We constantly carry out intensive system testing and review measures to prevent unauthorized physical access to the production computer systems, keeping track of the hardware support life cycle to ensure that the system operation is up to date to counter any new or potential threats, which may cause malicious or deliberate damage of data and information.

Basic security protection in the workplace covers the office premises and its annexes with the deployment and utilization of security surveillance equipment and access control. Optimum placement of static and mobile guards at access points and restricted areas ensures the safety of the employees and customers. The security aspects of the sales offices and outlets are constantly monitored and reviewed to identify areas for improvement.

The fire-fighting equipment and fire alarm system are regularly checked to ensure compliance with the modern standards. Fire drills and staff fire safety courses are conducted on an annual basis to ensure that employees are trained to manage any fire emergencies.

The draw proceeding is one of the most important areas that is under close scrutiny to prevent any form of fraud or mishandling. The Standard Operating Procedure (SOP) for this area is constantly reviewed and updated to keep abreast with the latest trend of threats.

Remedial actions are quickly identified and taken against any threats to the company's reputation, integrity, internal control and regulation.



**vii. Public Policy**

We actively support and are in compliance with the Government's guidelines and regulations of law in respect of legal gaming operations in the country.

Through a range of products introduced to the customers, we ensure that our gaming operations are in compliance with the relevant laws particularly the Pool Betting Act 1967 as well as government policies regulated by the Ministry of Finance (“MOF”).

We work closely, engage and maintain good relationships with the government authorities and agencies including Bank Negara Malaysia (“BNM”), MOF, local councils and district police departments and meet with their requirements to ensure public interests are safeguarded in carrying out our daily business operations. We ensure that we are always in compliance with relevant laws including anti-money laundering laws and pool betting laws. The successful annual renewal of gaming licences by MOF, zero negative feedback from BNM or Bursa Securities and clean reports from our external auditors are some of the testimonies to our compliance and fulfillment of Sports Toto’s responsibility as a leading licensed number forecast operator (“NFO”).

Sports Toto employees are required to adhere to the Employee Guidelines including the Code of Conduct to ensure that they observe good work practices.

The Risk Management Working Committee of the Company acts as the guardian in safeguarding its interest against any possible risk which may occur within or outside the company.

All heads of department are required to submit a risk review report every quarter in order to identify new threats which may be detrimental to the interests and operations of the Company.

## viii. Anti-Competition Practice



Operating in a highly regulated environment, Sports Toto strives to work with its industry counterparts to achieve win-win propositions to ensure compliance with the requirements of the law and regulations including observing the social sensitivity aspects, age limit and responsible gaming practices. Key common interest matters are normally worked out in consultation among the NFO players before bringing up to the MOF as the key regulatory body for approval.

It is crucial to note that while the legal NFO players operate under the proper enforcement and supervision of the regulatory bodies and government agencies like MOF, police force and the local authorities, the proliferating illegal operators have affected the market share of the legal NFO players which have been contributing tax revenue to the country and also various social contributions to the community.

## ix. Employee Health and Safety



Our employees’ health and safety is one of our top priorities. We are committed to making every effort to provide a safe and healthy work environment for our employees, workers and visitors in accordance with the relevant legislations and regulations.

### *Occupational Health and Safety at the Workplace*

We have established an Occupational Health and Safety Policy and set up a Safety and Health Committee to ensure procedures and systems are put in place to prevent workplace accidents and risks to our employees’ well-being. We are also committed to continuously providing information and building awareness to promote safe work practices and to ensure compliance with the Company’s procedures by organizing training or briefing sessions such as Fire Safety & Preparedness Awareness Talk, First Aid Training, Fire Drill and briefing sessions on self-protection and safety measures.

### *Health Promotion and Prevention*

We understand the importance of maintaining a healthy lifestyle, at home and at work. Our desire is to promote a healthy lifestyle and to make health and wellness accessible to all levels of employees.

Employees can enjoy our very own fitness centre which boasts a full facility gym at subsidized rates.

In addition, other initiatives such as health-related awareness talks and employee health screenings are organized at the workplace to provide care for overall health that leads to a better quality of life.



*Sports Toto Fitness Centre located at level 6 of Berjaya Times Square KL.*

**x. Workplace***Recruitment and Selection*

The Company recognizes the importance of attracting and recruiting well-matched employees. By hiring the “right fit”, our employees become more engaged in their work and feel a strong sense of pride, leading to higher productivity and greater retention.

*Diversity and Inclusion*

We appreciate the diversity in our workforce and we believe that the foundation of our strong human capital is a blend of backgrounds, competencies and dedication of our employees. We recognize the need and importance of investing in diversity and inclusion as part of our overall talent management practices to prepare the organization for the fast-paced development and evolving challenges.

*Fair Employment*

As an established business conglomerate locally and internationally, we strive to hold a reputable employer image in line with the nature of our core businesses. We practise fair employment opportunities to all our employees and job applicants. Equal opportunities apply to all the Company’s activities, including, but not limited to, recruitment, hiring, compensation, assignment, training, promotion, discipline and discharge.

We have an established policy on grievance management. We encourage employees to provide feedback and raise their concerns promptly. We ensure that any report on an employee’s grievance will be attended to as quickly and fairly as possible.

*Non-discrimination and Policy Against Sexual Harassment*

We do not tolerate any form of discrimination and it is our core interest that all employees are able to work in harmony, close cooperation and treat each other with respect. The Company has always been committed to ensuring that the workplace is safe and free from any forms of harassment, humiliation and intimidation of a sexual nature. We have established a policy on the prevention of sexual harassment at the workplace and our Code of Conduct emphasizes strict prohibition of any acts or conducts that may constitute as sexual harassment.

**xi. Employee Engagement & Feedback**

In the rapidly changing and competitive business environment, maintaining a high level of employee engagement is increasingly important for the Company in attracting and retaining talents.

The Company also recognizes that engaging our employees goes beyond the support at work. We are committed to incorporating elements in our engagement programmes that inspire mental and social wellness, to create a longer-lasting impact.

In this regard, the Company regularly communicates with all employees regarding global, environmental and health issues in an effort to further educate our employees and share ideas on improving how we live and work.

*Culture of Volunteerism*

The Company strongly believes in giving back to society and fosters the spirit of volunteerism by encouraging its employees to participate in the Company’s many CSR projects such as visitations and festive celebrations with the less fortunate, charity and ang pow donation campaigns and various other programmes to create awareness on health-related and community issues. As of 30 April 2017, a total of 150 employees participated in various charitable events across the country.

*Culture of Collaboration*

We foster a culture of collaboration through building communication channels and outreach activities. We encourage our employees to create a climate of partnership and cooperation into their daily work routines with the Company’s other business units.

## xii. Education and Training



We recognize that employee training and development is an essential and integral process in achieving our organization's objective in building highly competent and productive employees. The Company is committed, through its various comprehensive development programmes, to enabling our employees to be developed to meet business needs and to building a successful talent pipeline. The Company strives to promote continuous staff improvement by motivating people to maximize their full potential and integrate value-added initiatives in their day-to-day activities to increase productivity.

### *Development Programmes*

In line with the Company's continuous effort to upgrade and enhance knowledge, skills and abilities of our employees, other than external trainings, we have also been holding various in-house development programmes for different levels of employees which include Berjaya Advanced Leadership Programme (B.ALP), Berjaya Manager Development Programme (B.MDP) and Berjaya Executive Development Programme (B.EDP).

During the year, Sports Toto had conducted 21 product and operations training sessions and 19 service upselling training sessions for 642 employees as well as agents' frontline staff who play a vital role of being the direct points with customers. The objective of the training is to equip them with product knowledge, customer handling and selling skills.



Sports Toto conducted 21 **product and operations** training sessions and 19 **service upselling** training sessions for **642 employees and agents' frontline staff.**

### *Individual Development Plans*

As part of succession planning and continuous building of the talent pipeline, we have implemented Individual Development Plans for employees who have completed in-house development programmes, to identify individual training and development needs and to plan for development programmes to further improve their skills and competencies.



## xiii. Employee Benefits and Welfare

We have constantly enhanced employee benefits and welfare to cater to our employees' needs by conducting surveys periodically on the best market practices in the various industries.

The Group Human Capital Committee (GHCC) was set up in 2011 for the purpose of reviewing the existing Group Human Resource policies and procedures, strategies and planning and to make proposals for improvement to support Berjaya Group's vision to be an Employer of Choice.

During the year, we had improved employee benefits such as additional annual leave entitlement, annual professional body membership fees, and revamped the clinical outpatient policy and Group Hospitalisation and Surgical Insurance coverage.

Sports Toto places due emphasis on creating a conducive platform for staff interaction through a wide variety of recreational activities from sports competitions and family outings to birthday celebrations and festive get-togethers organized by the Sports Toto Sports Club.



*Sports club dinner on 6 December 2016.*



3-day social outing to Krabi, Thailand.



Sports day on 12 Nov 2016.



Family day outing to Ubi Padi Leisure, Ulu Langat on 4 June 2016.

**Staff Welfare Fund (“SWF”)**

Through the SWF, the Company provides financial assistance to employees and/or their immediate family members in times of crisis, i.e. to cover medical expenses incurred by employees and/or their immediate family members or in the event the residence of an employee is affected by fire or a natural disaster.



**xiv. Community Support**



Under the “Helping Hands” Corporate Social Responsibility (“CSR”) programme with its tagline - Sharing, Giving and Caring, Sports Toto continued to plan and carry out its CSR initiatives diligently notwithstanding the challenging economic environment during the financial year under review. Efforts to engage the community were made in respect of offering monetary and non-monetary aid, learning and education opportunities, community sports as well as popular entertainment and cultural activities.

**Community**

Sports Toto has continued its tradition of lending support to the needy folks during festive occasions as contributions in cash and in kind, albeit moderate, are always necessary and comforting to the beneficiaries. It is also noteworthy that multi-ethnic participation made available at such occasions has added more significance to the festive celebrations.

The 29<sup>th</sup> Sports Toto Chinese New Year Ang Pow Donation Campaign was one of the biggest festive donation campaigns in the country and Sports Toto incurred more than RM1.2 million for the entire campaign. More than 18,000 needy senior citizens aged 60 and above benefitted from this annual initiative involving 50 cities and towns throughout the country.



Standing, from left: BToto executive directors Ms Nerine Tan and Mr Vincent Seow, guest-of-honour Deputy Finance Minister, Senator Dato’ Lee Chee Leong, and BToto CEO Dato’ Sri Robin Tan at the launch of the 29<sup>th</sup> Sports Toto Ang Pow Donation Campaign.



More than **18,000** needy senior citizens aged 60 and above benefitted from the 29<sup>th</sup> Sports Toto CNY Ang Pow Donation Campaign involving **50 cities.**



Launch of the 29<sup>th</sup> Sports Toto Chinese New Year Ang Pow Donation Campaign at the Stadium Badminton Kuala Lumpur.



Butterworth - one of the distribution points.



Bringing Raya cheer to patients.

For the festive celebrations of Hari Raya, Deepavali and Christmas, Sports Toto also hosted selected groups of beneficiaries to sumptuous treats with gifts, token money as well as entertainment.

During the Ramadhan month, Sports Toto organised a goodwill visit to the paediatric ward of Batu Gajah Hospital in Ipoh, Perak and hosted a breaking-of-fast gathering with the underprivileged children at Pertubuhan Rumah Amal Tengku Ampuan Rahimah in Selangor.



Breaking-of-fast for the underprivileged.

The Deepavali celebrations saw Sports Toto bring Deepavali cheer to 150 less fortunate folks and needy families in Kajang, Selangor. The recipients lightened up as they received festive goodies such as rice, hampers and ang pows.



Distributing goodies to the less fortunate during Deepavali.

Sports Toto shared the spirit of the joyful Christmas season with the Orang Asli communities through a collaborative effort with Strategic Education Methods & Ongoing Advancements Bhd (“SEMOA”), a non-profit NGO dedicated to improving the living conditions of the Orang Asli communities in the country. RM30,000 was contributed towards hosting Christmas celebrations at 9 Orang Asli villages in Selangor and Pahang.



Christmas cheer for the Orang Asli communities.

The company also celebrated Harvest and Gawai Festivals with the underprivileged children in East Malaysia by donating cash and distributing goodies to 6 charitable bodies - Pusat Untuk Orang Pekak Dan Kurang Upaya Tawau, Sabah Society For The Deaf in Sandakan, Sabah Society For The Deaf in Kota Kinabalu, Sibu Autistic Association in Sibu and Kuching Autistic Association in Kuching as well as the Miri Methodist Children’s Home in Miri.

In raising awareness of the need to protect children against sexual abuse, Sports Toto supported a non-governmental coalition known as Citizens Against Child Sex Abuse (“CACSA”), a joint effort among NGOs comprising Protect and Save the Children, Voice of the Children, NGOhub as well as concerned individuals who stepped in to advocate the cause.

We helped in the cause by launching a petition campaign to push for laws against child sexual abuse and close to 40,000 petition signatures were garnered. An awareness event was also held on 5 March 2017 at Berjaya Times Square Kuala Lumpur where prominent NGO representatives spoke up about the cause.



Sharing Harvest and Gawai cheer in East Malaysia.



Approximately **40,000** petition signatures were garnered for Citizens Against Child Sex Abuse Campaign.



Besides the above-mentioned initiatives, there were various other community-related CSR initiatives that Sports Toto was involved in either through collaborations with Berjaya Cares Foundation or NGO partners.

**Sports**

Sports remain as one of the key CSR areas in which Sports Toto has committed to all these years. On top of substantial annual financial contributions to the National Sports Council for the development of sports in the country, the company made significant contributions towards a number of community sports activities such as the Go For It! - FTKLAA Cross Country 2017, Penang Bridge International Marathon 2016, Seremban Half Marathon 2016, 204KM KL - Maran Big Walk 2016, Milo - FTKLAA Walk Circuit 2016, Federal Territory City Day Run 2017, Sungai Petani Half Marathon 2016, Roasters Chicken Run 2016, MKH Kajang International 12-Hour Walk, Sutera Harbour 7K Run, MBPJ Squash Open Championship 2016, Asean Basketball League 2016, Sports Toto High School Basketball Tournament 2016,



Sports Toto carried out **17** community sports activities in FY2017.

Sports Toto 3-On-3 Basketball Jamboree at Kuching Festival 2016, Jasmine Cup Youth Basketball Tournament 2017, Dato' Theng Book Cup Malaysian Media Badminton Tournament 2016 and Sports Toto Bowling League 2016.



Participants warming up for Go For It! – FTKLAA Cross Country 2017.



Champion team of Sports Toto High School Basketball Tournament 2016.



Sungai Petani Half Marathon 2016.



Seremban Half Marathon 2016.

In a continuous effort to support national sports development, Sports Toto joined hands with the Olympic Council of Malaysia (“OCM”) in recognizing Malaysian athletes through the OCM - Sports Toto Outstanding Athletes of The Games Award 2016. The awards were presented to a total of 8 outstanding Malaysian medalists who made the country proud with their sterling performance at the 2016 Olympics in Rio de Janeiro, Brazil.



Presentation of OCM – Sports Toto Outstanding Athletes of The Games Awards 2016.

**Education**

Education is an area of critical importance to the country’s development. In an effort to provide learning opportunities to the rural children, Sports Toto initiated the “Reading My Companion” learning programme for the 5<sup>th</sup> consecutive year in 2016 with storybooks and story-telling sessions for students in 21 micro-sized Chinese primary schools in Perak, Negeri Sembilan, Malacca and Pahang.



**8,000 students**  
in 66 **sub-urban** micro-sized Chinese primary schools benefitted from the “Reading My Companion” learning programme.

The learning programme aims to inculcate reading as a pastime of choice among the rural students who are relatively lacking in terms of recreational choices. Since its inception in 2012, it has benefitted close to 8,000 students in 66 sub-urban micro-sized Chinese primary schools in Selangor, Perak, Negeri Sembilan, Malacca and Pahang.



Students happily receiving their story books.



Story-telling session for the students.



Engaging the teachers.

Besides, Sports Toto also extended financial support to 3 community education centres which provide complimentary English, computer and personal development lessons to underprivileged children and adults.



**21 Show Time musical roadshows** were held throughout **Malaysia.**

## Popular Entertainment & Culture

Sports Toto has continued to bring meaningful entertainment to the local communities by organising various interactive and live performances. During the financial year under review, 21 Show Time musical roadshows were held throughout the northern, central and southern regions of Peninsular Malaysia as well as Sabah and Sarawak.

In the promotion of culture and arts, Sports Toto supported Padawan Festival, Yin Ngai Heart to Heart Charity Night 2016, Penang Chingay Parade 2016, Por Tor Festival, Pesta Tanglung Muar 2016, Muar Chinese New Year Street Show, Nine Emperor God Festival and Hungry Ghost Festival.



Yin Ngai Heart to Heart Charity Night 2016.

## Group Synergy

Sports Toto hosted an annual synergy lunch meeting for the exchange of ideas and discussion of cross-marketing opportunities among the subsidiaries under Berjaya Corporation Berhad group of companies.

The company has always been very supportive of the CSR initiatives driven at the Berjaya Corporation Berhad group level. In this regard, Sports Toto chipped in with cash and in kind towards the Tioman Island Clean-up Day 2016, an environmental sustainability effort organized by the Berjaya Hotels & Resorts division. The campaign aimed to raise public awareness of the importance of preserving the island's marine environment by engaging over 100 volunteers and divers in cleaning up the beaches as well as the diving sites around the island to rid crown-of-thorns starfish, which in high numbers, can endanger coral reef growth.

**H. ENVIRONMENTAL SUSTAINABILITY**

Recognizing that business operations can potentially bring about negative impact on the environment, the Company endeavours to work hand in hand with the stakeholders to find ways to reduce the impact on our environment through the efficient use of resources and minimizing wastage.

**i. Paper Usage**

The supply of thermal paper used for bet tickets is an important resource for Sports Toto. We are committed to reducing the impact of paper consumption on natural resources. The distribution of thermal paper to Sports Toto outlets is closely monitored by the Logistics Department with a computerised ticket roll & inventory tracking system to minimize any wastage and also to optimise the length of each ticket printed to ensure efficient paper consumption.

**ii. Energy Consumption**

Although electricity consumption during the financial year was not substantial, we had implemented initiatives that encouraged employees and our operating units to adopt energy-saving practices at the workplace and sustainable use of energy and water in their operations by minimizing their energy consumption.



**Implemented initiatives to adopt energy-saving practices at the workplace and sustainable use of energy and water**

**iii. Waste Management**

We promote awareness of the 3R practices of 'Reduce, Reuse and Recycle' at our business units and manage our waste responsibly.

Various initiatives have been taken to reduce the amount of waste by recycling used mail envelopes and printing on recycled paper. Promotional materials and forms are discarded responsibly and the disposal process of used paper and bet slips is done in an organized manner through selected disposal contractors.



# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“Board”) of Berjaya Sports Toto Berhad (“the Company”) recognises the importance of adopting good corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group. The new Malaysian Code of Corporate Governance (“new MCGG”) came into force on 26 April 2017 and supersede its earlier edition, Malaysian Code on Corporate Governance 2012 (“MCGG 2012”). However, all companies will be required to report their application of the recommended practices of the new MCGG in their Annual Report with effect from the financial year ending 31 December 2017. Hence, the Group will only be required to report its application of the recommended practices of the new MCGG in the 2018 Annual Report.

The Board is pleased to provide the following statement which outlined how the Group had applied the principles and recommendations as set out in the MCGG 2012 throughout the financial year ended 30 April 2017.

## A) PRINCIPLE 1: ROLES AND RESPONSIBILITIES

### Board Composition and Balance

The Board has nine (9) members, comprising three (3) Independent Non-Executive Directors (including the Chairman), the Chief Executive Officer, two (2) Executive Directors and three (3) Non-Independent Non-Executive Directors. This composition fulfils the requirements mandated by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher must be independent.

The Board is satisfied with its current composition which comprises a balanced mix of skills, knowledge and experience in the business, professional and management fields and which are relevant to enable the Board to carry out its responsibilities in an effective and competent manner.

The Board recognises the importance and contribution of its Independent Directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is adequate check and balance at the Board level. The three (3) Independent Directors of the Company provide the Board with vast and varied exposure, expertise and broad business and commercial experience.

The positions of Chairman and Chief Executive Officer are held by two different individuals. The distinct and separate roles of the Chairman and Chief Executive Officer, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman is primarily responsible for the leadership of the Board and ensures effectiveness of the Board 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 and yearly financial results of the Group, issues requiring the Board’s deliberation and approval, reports or briefings on operational and financial issues of major subsidiaries and other ad-hoc reportings.

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

The qualifications and experience of each of the Directors are set out in the Profile of Directors on page 3 to page 7 of the Annual Report.

### Roles and Responsibilities of the Board

The Board has overall responsibility for the proper conduct of the Company’s business and the strategic direction of the Group. The Board has formally adopted a Board Charter that clearly sets out the roles and responsibilities of the Board and the management to ensure accountability. The Board Charter is also available on the Company’s website at [www.berjaya.com](http://www.berjaya.com) and will be subject to review annually by the Board to ensure that it remains consistent with the Board’s objectives and responsibilities.

The Board has adopted, amongst others, the following major responsibilities to facilitate the Board in discharging its fiduciary duties:-

1. Reviewing and adopting strategic plans and policies for the Company and the Group;
2. Overseeing and monitoring the conduct of the businesses and financial performance and major capital commitments of the Company and the Group;
3. Identifying principal risks of the business and ensuring the implementation of appropriate risk management systems to manage these risks;
4. Establishing a succession plan for the Company and the Group including the remuneration and compensation policy thereof;
5. Overseeing the development and implementation of corporate communication policies with the shareholders and investors, other key stakeholders and the public including the whistle blowing policy;
6. Reviewing the adequacy and integrity of the internal control systems and management information of the Company and the Group;
7. Reviewing and adopting budgets and financial results of the Company and the Group, monitoring compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;
8. Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group;
9. Reviewing and approving any material acquisitions and disposals of undertakings and assets in the Group; and
10. Developing a corporate code of conduct to address, amongst others, any conflicts of interest relating to Directors, major shareholders and/or management.

The Board is also supported by the different Board Committees to provide independent oversights of management and to ensure that there are appropriate checks and balances. These Board Committees are:-

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Risk Management Committee

The Board Committees have their roles and functions, written terms of reference and authorities clearly defined. The Board reviews the terms of reference of the Board Committees periodically to ensure their relevance.

The Board may form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency.

Notwithstanding the above, the ultimate responsibility for decision making and oversight still lies with the Board.

### **Directors' Code of Conduct/Ethics**

The Board has adopted a Code of Ethics for Directors ("Code") which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors.

The Group has also put in place a Code of Conduct for all its employees and Directors to ensure a high standard of ethical and professional conduct is upheld by all its employees and Directors in the performance of their duties and responsibilities. All employees are required to declare that they have received, read and understood the provisions of the Code of Conduct.

## Sustainability Practices

The Board views the commitment to promote sustainability strategies in the economic, social and environmental aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable long-term balance between meeting its business goals and the welfare of its employees and the communities in which it operates as well as preserving the environment. Full details are set out in the Statement on Sustainability section in this Annual Report.

## Supply of Information

All Directors have unrestricted and timely access to information concerning the Company and the Group's business and affairs necessary for the discharge of their responsibilities. The Board papers and reports which include the Group's performance and major operational, financial and corporate information are distributed to the Directors in sufficient time prior to Board meetings to enable Directors to obtain further clarifications and/or explanations, where necessary, in order to be properly briefed before the meeting. As part of the Group's green initiatives to create a paperless meeting environment, the Directors are provided with electronic devices to enable them to access meeting papers electronically, instead of receiving the conventional hard copy meeting papers prior to a meeting.

The Board is supported by suitably qualified, experienced and competent Company Secretaries who are also members of a professional body. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution and advise the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary.

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

## Board Meetings

The Board meets regularly on a quarterly basis with additional meetings being convened when necessary. During the financial year ended 30 April 2017, the Board met five (5) times and the record of attendance of each Director is set out below:-

Directors	Attendance
Cheah Tek Kuang *	5/5
Dato' Sri Robin Tan Yeong Ching	4/5
Chan Kien Sing	5/5
Nerine Tan Sheik Ping	4/5
Freddie Pang Hock Cheng	4/5
Seow Swee Pin	5/5
Dato' Dickson Tan Yong Loong	5/5
Datuk Robert Yong Kuen Loke *	4/5
Dato' Oon Weng Boon *	5/5

\* Denotes Independent Non-Executive Directors

In the intervals between Board meetings, special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration. The Board members deliberate, and in the process, assess the viability of the business and corporate proposals, and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board's approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

**B) PRINCIPLE 2: BOARD COMPOSITION****1. Nomination Committee**

The Nomination Committee of the Company consists of exclusively Independent Non-Executive Directors. Its composition is as follows:-

Cheah Tek Kuang	- Chairman/Independent Non-Executive (Senior Independent Director)
Datuk Robert Yong Kuen Loke	- Independent/Non-Executive
Dato' Oon Weng Boon	- Independent/Non-Executive

The Nomination Committee meets as and when required, and at least once a year. The Nomination Committee met once during the financial year ended 30 April 2017.

The Chairman of the Nomination Committee, Mr Cheah Tek Kuang has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns relating to the affairs of the Group may be conveyed.

Under its terms of reference, the Nomination Committee is tasked with the duties of, among others, the following:

- identifying, assessing and recommending the right candidates to the Board with the necessary skills, knowledge, experience and competency for new appointments;
- conducting an annual assessment on the effectiveness of the Board as a whole (inter-alia, the required mix of skills, size and composition, experience, core competencies and other qualities of the Board), the Board Committees and the contribution of every Director (including the assessment of independence of the Independent Directors);
- recommending retiring directors for re-election or re-appointment as directors;
- ensuring orderly succession at the Board level and boardroom diversity; and
- ensuring adequate training and orientation are provided for new members of the Board.

The terms of reference of the Nomination Committee is available at the Company's website at [www.berjaya.com](http://www.berjaya.com).

**Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors***Appointment to the Board*

The Board delegates to the Nomination Committee the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, Senior Management staff, shareholders and/or other consultants;
2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;
3. Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

### Re-elections of Directors

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting ("AGM") in accordance with the provisions of the Articles of Association of the Company and the relevant provisions of the Companies Act, 2016.

The Company's Articles of Association provides that a Director appointed during the year is required to retire and seek election by shareholders at the following AGM immediately after their appointment. The Articles also requires that one-third (1/3) 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/herself for re-election once every three (3) years.

Following the enforcement of the Companies Act, 2016 which came into force on 31 January 2017 repealing the Companies Act, 1965, there is no more age limit for a Director. Therefore, a Director of a public company of or over the age of 70 is no longer subject to the retirement at the AGM.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

The Directors who will retire by rotation and eligible for re-election pursuant to Article 98(A) of the Company's Articles of Association at the forthcoming AGM are Mr. Seow Swee Pin, Dato' Oon Weng Boon and Dato' Dickson Tan Yong Loong. The profiles of these Directors are set out on page 4 to page 7 of the Annual Report.

The Nomination Committee has also assessed the performances of the remaining Directors due for re-election and has made recommendations to the Board for their re-election to be tabled for shareholders' approval at the forthcoming AGM. To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of the Directors standing for re-election have been disclosed in this Annual Report.

### Annual Assessment

The Nomination Committee reviews annually the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide – Towards Boardroom Excellence. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

The Nomination Committee also carried the following activities during the meeting held on 19 June 2017:

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the performance of each individual Director; the independence of the Independent Directors; the effectiveness of the Board and the Board Committees;
- Nominating the Directors who are retiring and who are eligible for re-election; and
- reviewed the performance of the Audit Committee and its members.

### Boardroom Diversity

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Company take diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

The Board has in place its Diversity Policy for the Company, and a copy of the Board Diversity Policy is available on the Company's website at [www.berjaya.com](http://www.berjaya.com).

## 2. Remuneration Committee

The Remuneration Committee of the Company comprises a majority of Non-Executive Directors and its composition is as follows:-

Cheah Tek Kuang	- Chairman/Independent Non-Executive
Dato' Sri Robin Tan Yeong Ching	- Non-Independent Executive
Dato' Oon Weng Boon	- Independent Non-Executive

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on all elements of the remuneration packages and other terms of employment of the Executive Directors. The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The Remuneration Committee is responsible to review the remuneration packages for the Non-Executive Directors of the Company and thereafter recommend to the Board of the Company for their consideration with the Directors concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board will then recommend the Directors' fees and other benefits payable to the Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act, 2016.

During the meeting held on 19 June 2017, the Remuneration Committee carried out the following activities:-

- (a) Reviewed the terms of reference of Remuneration Committee;
- (b) Reviewed and recommended the proposed revision of the meeting allowances payable to the Non-Executive Directors;
- (c) Reviewed and recommended the payment of Directors' fees for the financial year ended 30 April 2017; and
- (d) Reviewed and recommended the payment of Directors' remuneration (excluding Directors' fees) for the period from 31 January 2017 until the next AGM of the Company.

## STATEMENT ON CORPORATE GOVERNANCE

Details of Directors' remuneration paid or payable to all Directors in office during the financial year by the Company and the Group are categorised into appropriate components for the financial year ended 30 April 2017 as follows:-

Company	RM'000				
	Fees	Benefits-in-kind	Salaries and other emoluments	Bonus	Total
Executive	-	-	813	139	952
Non-Executive	191	43	881	52	1,167
	191	43	1,694	191	2,119

Group	RM'000				
	Fees	Benefits-in-kind	Salaries and other emoluments	Bonus	Total
Executive	70	83	7,829	788	8,770
Non-Executive	191	43	882	52	1,168
	261	126	8,711	840	9,938

The number of Directors as at the end of the financial year and their total remuneration from the Group categorised into various bands were as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM1 – RM50,000	-	2
RM50,001 – RM100,000	-	1*
RM100,001 – RM150,000	-	1
RM200,001 – RM250,000	-	1
RM300,001 – RM350,000	-	-
RM600,001 – RM650,000	-	1
RM950,001 – RM1,000,000	1	-
RM1,000,001 – RM1,200,000	1	-
RM1,400,001 – RM1,450,000	1	-
RM5,250,001 – RM5,300,000	1	-
	4	6

\* Inclusive of an Executive Director who had been re-designated as Non-Independent Non-Executive Director on 31 January 2017.

In accordance with Article 77 of the Company's Articles of Association, the fees payable to the Non-Executive Directors will be recommended by the Board for approval by shareholders at the AGM. Notwithstanding the Articles of Association, the Company is seeking shareholders' approval for the payment of Directors' fees and benefits payable to our Non-Executive Directors in compliance with Section 230(1) of the Companies Act, 2016. The Company will also be seeking the shareholders' approval for the Directors' benefits payable to the Non-Executive Directors for the period commencing 31 January 2017 until the next AGM in 2018, for the purposes of facilitating payment of the Directors' benefits on a monthly basis and/or as and when incurred. Individual Directors do not participate in the discussions and determination of their own remuneration.

## C) PRINCIPLE 3: INDEPENDENCE

### Assessment of Independent Directors

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgement to ensure the interests of the Group, shareholders, employees, customers and other communities in which the Group conducts its businesses are well represented and taken into account.

The Board through the Nomination Committee assessed the Independent Directors on an annual basis with a view to ensure that the Independent Directors bring independent and objective judgement to the Board deliberations. The Board has adopted the same criteria used in the definition of “Independent Directors” as prescribed in Chapter 1 of the Listing Requirements of Bursa Securities in its assessment of the Independent Directors.

The current three (3) Independent Non-Executive Directors have fulfilled the criteria of “independence” as prescribed under Chapter 1 of the Listing Requirements of Bursa Securities. The Board had assessed and concluded that the three (3) Independent Non-Executive Directors of the Company remain objective and independent.

### Tenure of Independent Directors

The Company does not have term limits for its Independent Directors as the Board believes that continued contribution provides benefits to the Board and the Company as a whole. The calibre, qualification, experience and personal qualities, particularly of the Director’s integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director.

The Nomination Committee noted that pursuant to Recommendation 3.2 of the MCCG 2012, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to being re-designated as a Non-Independent Director.

The Nomination Committee also noted that pursuant to Recommendation 3.3 of the MCCG 2012, the Board may provide justifications and seek shareholders’ approval in the event there is intention to retain a Director who has served a cumulative term of nine (9) years as an Independent Director.

Currently, none of the Independent Directors had served the Board of the Company for a cumulative term of nine (9) years.

## D) PRINCIPLE 4: COMMITMENT

Recommendation 4.1 of the MCCG 2012 recommends that the Board should set out the expectations on time commitment for its members and protocols for accepting new directorships. Hence, each Director is required to notify the Chairman of the Board prior to accepting directorships outside the Group. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships. The notification will also include an approximate indication of time that will be spent by the Directors on the new directorships.

### Directors’ Training

All the Directors had attended the Mandatory Accreditation Programme as prescribed by Bursa Securities.

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments 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.

The Board is also updated by the Company Secretaries on the latest update/amendments on the Listing Requirements of Bursa Securities and other regulatory requirements relating to the discharge of the Directors’ duties and responsibilities.

## STATEMENT ON CORPORATE GOVERNANCE

During the financial year, the Directors had attended various training programmes and seminars, details of which were as follows:-

Director	Title of Programmes/ Seminars/Courses/ Forums
Cheah Tek Kuang	<ul style="list-style-type: none"> <li>- ICLIF - Board Chairman Series Part 2: "Leadership Excellence From The Chair"</li> <li>- Sustainability Management on "Best Practices for Sustainability Reporting – What a Company Director Need to Know"</li> <li>- UMWOG - Training by Mr. Lye Kah Cheong, a Partner from Norton Rose Fullbright</li> <li>- Bursa - Briefing on the new Companies Act, 2016 by Lee Hishammuddin Allen &amp; Gledhill</li> <li>- Bursa Malaysia Sustainability Forum 2017 – "The Velocity of Global Change &amp; Sustainability - The New Business Model"</li> <li>- Bank of Singapore - Global Outlook 2017</li> <li>- Global Transformation Forum (GTF) 2017</li> <li>- Securities Commission - The release of the Malaysian Code on Corporate Governance</li> </ul>
Dato' Sri Robin Tan Yeong Ching	<ul style="list-style-type: none"> <li>- CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks"</li> <li>- FTSE4Good Bursa Malaysia Index Briefing</li> </ul>
Chan Kien Sing	<ul style="list-style-type: none"> <li>- Sustainability Engagement Series for Directors/ Chief Executive Officer</li> <li>- Directors as Gatekeepers of Market Participants</li> <li>- Business Challenges and Regulatory Expectations</li> <li>- Risk Oversight and Compliance – Action Plan for Board of Directors</li> <li>- Current and Emerging Regulatory Issues in the Capital Market</li> <li>- MIA Conference 2016</li> <li>- FTSE4Good Bursa Malaysia Index Briefing</li> </ul>
Seow Swee Pin	<ul style="list-style-type: none"> <li>- Corporate Governance &amp; AMLA Seminar, Philippines</li> <li>- World Lottery Summit 2016, Singapore</li> <li>- Asean 2017 Gaming Summit, Philippines</li> <li>- FTSE4Good Bursa Malaysia Index Briefing</li> </ul>
Nerine Tan Sheik Ping	<ul style="list-style-type: none"> <li>- Empowering Women Series : " For Senior Women Leaders"</li> </ul>
Freddie Pang Hock Cheng	<ul style="list-style-type: none"> <li>- CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks"</li> <li>- Breakfast Series with Directors: "Anti-corruption &amp; Integrity - Foundation of Corporate Sustainability"</li> <li>- FTSE4Good Bursa Malaysia Index Briefing</li> </ul>
Dato' Dickson Tan Yong Loong	<ul style="list-style-type: none"> <li>- Presentation on Malaysia Property Outlook</li> <li>- Responsibilities of Company Directors</li> <li>- The New Companies Bill 2015</li> </ul>
Datuk Robert Yong Kuen Loke	<ul style="list-style-type: none"> <li>- Datuk Robert Yong kept himself abreast with the latest developments on the various accounting, finance and business issues both locally and globally through his extensive networking, reading of various magazines and journals and serving as a council member of the Malaysian Institute of Certified Public Accountants</li> </ul>
Dato' Oon Weng Boon	<ul style="list-style-type: none"> <li>- Bursa Malaysia Training Program "The Strategy, The Leadership, The Stakeholders and The Board"</li> <li>- CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks"</li> <li>- FTSE4Good Bursa Malaysia Index Briefing</li> </ul>

**E) PRINCIPLE 5: INTEGRITY IN FINANCIAL REPORTING***i. Financial Reporting*

The Audit Committee is tasked to assist the Board in ensuring that the financial statements comply with the provisions of the Companies Act, 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia.

In presenting the annual audited financial statements to the shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's financial performance and prospects and ensure that the financial statements reviewed and recommended by the Audit Committee for Board's approval are prepared in accordance with the provisions of the Companies Act, 2016, the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to present a true and fair view of the state of affairs of the Group.

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 disclosed with reasonable accuracy at any time the financial position of the Company and of the Group and which will enable them to ensure that the financial statements comply with the Companies Act, 2016. 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. Assessment of External Auditors*

The Board maintains a transparent and professional relationship with the External Auditors through the Audit Committee. Under the existing practice, the Audit Committee invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the Audit Committee will also have private meetings with the External Auditors without the presence of the Chief Executive Officer and Senior Management to enable exchange of views on issues requiring attention.

It is the policy of the Company to undertake an annual assessment of the quality of audit which encompassed the performance and quality of the External Auditors and their independence, objectivity and professionalism. This policy is delegated to the Audit Committee and the assessment process involves identifying the areas of assessment, setting the minimum standard and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the External Audit team throughout the year.

## STATEMENT ON CORPORATE GOVERNANCE

To support the Audit Committee's assessment of their independence, the External Auditors will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the Audit Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance, the annual review of the Risk Management and Internal Control Statement. The non-recurring non-audit services are acting as reporting accountants for any corporate exercises.

During the financial year, the amount of non-audit fees paid to the External Auditors and/or to affiliates by the Company and the Group respectively for the financial year ended 30 April 2017 were as follows:-

	Company		Group	
	FYE2017 RM'000	FYE2016 RM'000	FYE2017 RM'000	FYE2016 RM'000
Statutory audit fees paid/payable to:-				
- Ernst & Young ("EY") Malaysia	105	99	310	299
- Affiliates of EY Malaysia	-	-	74	58
Total (a)	105	99	384	357
Non-audit fees paid/payable to:-				
- EY Malaysia	6	6	6	6
- Affiliates of EY Malaysia	5	5	33	33
Total (b)	11	11	39	39
% of non-audit fees (b/a)	10.48%	11.11%	10.16%	10.92%

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the Audit Committee will make recommendation for re-appointment of the External Auditors to the Board. The proposed appointment will be subject to shareholders' approval at the AGM.

### F) PRINCIPLE 6: RISKS MANAGEMENT

The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place risk management process to help the Board in identifying, evaluating and managing risks. The implementation and maintenance of the risk management process is carried out by the Risk Management Committee of the Group.

A Statement on Risk Management and Internal Control of the Group which provides an overview of the state of internal controls within the Group is set out on page 52 and page 53 of the Annual Report.

## **G) PRINCIPLE 7: TIMELY DISCLOSURES**

The Board will ensure that it adheres to and comply with the disclosure requirements of the Main Market Listing Requirements of Bursa Securities as well as the Corporate Disclosure Guide issued by Bursa Securities.

The Board continues to recognise the importance of transparency and accountability to its shareholders and investors. The Board endeavours to keep its shareholders and investors informed of its progress through a comprehensive annual report and financial statements, circulars to shareholders, quarterly financial reports, periodic press releases 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 Company also maintains a corporate website at [www.berjaya.com](http://www.berjaya.com) whereby shareholders as well as members of the public may access for the latest information on the Company and the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Securities 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.

## **H) PRINCIPLE 8: RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

The Company's AGM remains the principal forum for dialogue with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the shareholders. At each AGM, the Board presents the progress and performance of the Company's businesses and shareholders are encouraged to participate in the proceedings and question and answer session and thereafter to vote on all resolutions.

The Chairman as well as the Chief Executive Officer will respond to shareholders' questions at the AGM. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

The Notice and agenda of AGM together with Form of Proxy are given to shareholders at least twenty-one days before the AGM, which gives sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

### **Poll Voting**

In line with the MCGG 2012, all the resolutions passed by the shareholders at the previous AGM held on 10 October 2016 were voted by way of a poll. The shareholders were briefed on the voting procedures by the Share Registrar while the results of the poll were verified and announced by the independent scrutineer, LT Lim & Associates.

Pursuant to Paragraph 8.29A (1) of the Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

### **Dialogue between the Company and Shareholders**

The Company strives to maintain an open transparent channel of communication with its shareholders, institutional investors, analysts and the public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible. The provision of timely information is important to the shareholders and investors for informed decision making. However, whilst the Company endeavours to provide as much information as possible to its shareholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

## **I) COMPLIANCE WITH THE MCGG 2012**

The Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the MCGG 2012 that were in place during the financial year ended 30 April 2017.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RESPONSIBILITY

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 and achieve its 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 being faced by the Group by monitoring the Group’s performance and profitability at its Board meetings.

A Risk Management Committee (“RMC”) has been established by the Company with the intention to further enhance the Group’s system of internal control and risk management and be in line with the Malaysian Code of Corporate Governance. The RMC together with the audit committee are entrusted to ensure more effective and efficient identification, evaluation, management and reporting of the Group’s risks. The Risk Management Working Committee (“RMWC”), consisting of all heads of departments of the operating subsidiary companies, maintains a risk register which outlines the risk policies including the procedures of risk identification, risk tolerance and the evaluation and managing process. Any new risks identified or areas which exceeded the risk tolerance level defined will be evaluated with immediate action taken according to the procedures defined and promptly reported to the RMC together with a control strategy to manage the risk identified. During the financial year ended 30 April 2017, the RMC held 4 meetings to review the reports tabled by the RMWC. 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 current members of the RMC are Mr. Cheah Tek Kuang (Chairman), Datuk Robert Yong Kuen Loke, Dato’ Oon Weng Boon and Mr. Seow Swee Pin.

The RMC terms of reference include, inter alia:

- To determine the overall risk management processes;
- To establish effectiveness of risk management process;
- To ensure that the strategic context of the risk management strategy is complete;
- To ensure that risk management processes are integrated into all core business processes;
- To establish risk reporting mechanism;
- To establish business benefits;
- 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 alignment and coordination of assurance activity across the organization; and
- To act as steering committee for the group wide risk management programme.

The Board has received assurance from the Chief Executive Officer and the Executive Director and is of the view that the Group’s risk management and internal control system are operating adequately and effectively, in all material aspects.

## ASSURANCE MECHANISM

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The Board has assigned the Audit Committee (“AC”) with the duty of reviewing and monitoring the effectiveness of the Group’s system of internal control. The AC 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 internal and external audit reports will also provide insights to the AC to take the necessary action to remedy any significant weaknesses to the risk management process.

The internal auditors provide the AC with independent and objective reports on the state of internal controls of the operating units within the Group to assist the AC in monitoring and assessing the effectiveness of the internal control system. Observations from internal audits are presented to the AC together with management’s responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audits with implementation status reported to the AC.

The internal audit function of the gaming related segment is principally carried out by the Internal Audit Department of Sports Toto Malaysia Sdn Bhd (“Sports Toto”), the principal operating subsidiary of the Group. The internal audit function of the other overseas business segments is outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the AC.

The external auditors form an opinion on the financial statements of the Group based on their annual statutory audit. Any areas for improvement identified during the course of audit are highlighted to the attention of the AC through management letters, or are articulated at the AC meetings. The AC also hold private meetings with the external auditors to have exchange of views on any areas that require their attention. Apart from the statutory audit, the external auditors also review the Statement of Risk Management and Internal Control (“SRMIC”) in accordance with Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the disclosures in SRMIC are inconsistent with their understanding of the ongoing processes that the Board has in place for identifying, evaluating and managing the significant risks in achieving the objectives and strategies of the Group.

The Board also reviews the minutes of the AC’s meetings. The Audit Committee Report is set out on page 54 to page 56 of the Annual Report.

### MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The management of the Group as a whole is assigned to the Chief Executive Officer and the Executive Directors.

The Executive Directors and management practised ‘close to operations’ policy and have various scheduled management meetings as well as carry out regular review of financial and operations reports. These provide the platform for timely identification of the Group’s risks and systems to manage risks. The Chief Executive Officer and 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, operations are divided into regions and areas due to the 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. Similarly, the overseas operations are being managed by experienced personnel in their respective country offices. Regular reporting on performance of their businesses is provided to the Executive Directors of BToto who are assigned to manage the respective overseas operations. In addition, the Executive Directors in charge also made field visits to these overseas operations as well as to conduct periodic performance review meetings with the management personnel, thus ensuring the business plans and targets are met.

### KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

Some 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;
- Monitoring mechanisms in the form of financial and operations reports, and scheduled management meetings;
- 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;
- Surprise checks on agents to ensure compliance with the Group’s policies and procedures;
- Physical security and systems access controls;
- Independent assurance on the system of internal control from regular internal audit visits;
- Business continuity planning; and
- Succession planning to ensure that key positions in the Group are always being 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.

The Board through RMC and AC regularly receives and reviews reports on internal control, which include highlights on significant risks affecting the Group. The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company’s Annual Report.

# AUDIT COMMITTEE REPORT

The Board of Directors of Berjaya Sports Toto Berhad (“BToto”) is pleased to present the report of the Audit Committee for the financial year ended 30 April 2017.

## AUDIT COMMITTEE MEMBERS AND MEETING ATTENDANCES

The members of the Audit Committee comprise the following:-

Cheah Tek Kuang - *Chairman/Independent/Non-Executive Director*

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

Dato’ Oon Weng Boon - *Independent/Non-Executive Director*

The Audit Committee held five (5) meetings during the financial year ended 30 April 2017. The details of attendance of the Audit Committee members are as follows:-

Name	Attendance
Cheah Tek Kuang	5/5
Datuk Robert Yong Kuen Loke	4/5
Dato’ Oon Weng Boon	5/5

The Audit Committee meetings were convened with proper notices and agenda and these were distributed to all members of the Audit Committee with sufficient notification. The minutes of each of the Audit Committee meetings were recorded and tabled for confirmation at the next Audit Committee meeting and tabled at the Board meeting for the Directors’ review and notation.

The Assistant General Manager of Internal Audit of Sports Toto Malaysia Sdn Bhd (“Sports Toto”), the General Manager of Group Internal Audit and the Head of Group Accounts and Budgets were also invited to attend the Audit Committee meetings. The External Auditors were also invited to attend three (3) of these meetings. The Audit Committee also met with the External Auditors without the presence of executive Board members and the Management.

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee are set out in its terms of reference, a copy of which is available at [www.berjaya.com](http://www.berjaya.com).

In discharging its duties and responsibilities, the Audit Committee had undertaken the following activities and work during the year:-

### Financial Reporting

- (a) Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Quarterly Financial Statements Reviewed
20 June 2016	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 April 2016
19 September 2016	First quarter results for financial year ended 30 April 2017
16 December 2016	Second quarter results for financial year ended 30 April 2017
16 March 2017	Third quarter results for financial year ended 30 April 2017

The above review is to ensure that BToto’s quarterly financial reporting and disclosures present a true and fair view of the Group’s financial position and performance and are in compliance with the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting as well as the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

- (b) Reviewed the audited financial statements of the Company and the Group for the financial year ended 30 April 2016 together with the Management and the External Auditors at its meeting held on 26 July 2016 to ensure that it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with all disclosure and regulatory requirements before recommending the audited financial statements to the Board for approval.

**External Audit**

- (a) Evaluated the performance of the External Auditors for the financial year ended 30 April 2016 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. The Audit Committee, having been satisfied with the independence, suitability and performance of Messrs Ernst & Young ("EY"), had recommended to the Board for approval of the re-appointment of EY as External Auditors for the ensuing financial year end of 30 April 2017 at its meeting held on 26 July 2016.
- (b) Discussed and considered the significant accounting and auditing issues arising from the interim audit as well as the final audit with the External Auditors. The Audit Committee also had a private discussion with EY on 26 July 2016 without the presence of Management during the review of the audited financial statements for the year ended 30 April 2016 to discuss any problems/issues arising from the final audit and the assistance given by the employees during the course of audit by EY.
- (c) Reviewed with the External Auditors at the meeting held on 16 March 2017, their audit plan in respect of the financial year end of 30 April 2017, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud consideration and the risk of management override, and also the new and revised auditors reporting standards.

**Internal Audit**

- (a) Reviewed the Internal Audit reports on the Company's operating subsidiaries namely Sports Toto, Philippine Gaming Management Corporation and International Lottery & Totalizator Systems, Inc. during the financial year under review. Areas covered by the Internal Audit included branch audit, audit of Head Office operating departments, software verification, bigwin processing of single and/or share jackpot winners, recalculation/verification of Toto 4D, 5D and 6D pools reports, review of data communication modern inventory, finance, information technology, source code control system and non-disclosure agreement.
- (b) The Audit Committee then considered the findings and recommendations made including the Management's responses thereto. The Internal Audit monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses were being properly addressed.
- (c) Reviewed and approved the Internal Audit Plan for financial year ending 30 April 2018 to ensure that the scope and coverage of the internal audit on the operations of the BToto Group is adequate and comprehensive and that all the risk areas are audited annually.

**Recurrent Related Party Transactions**

- (a) Reviewed the Circular to Shareholders in connection with the Recurrent Related Party Transactions ("RRPT") that arose within the Group to ensure that the transactions are fair and reasonable to, and are not to the detriment of, the minority shareholders.

The framework set up for identifying and monitoring the RRPT includes inter-alia, the following:-

- (i) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;
- (ii) The related parties and interested Directors will be notified of the method and/or procedures of the Group;
- (iii) Records of RRPT will be retained and compiled by the Group accountant for submission to the Audit Committee for review;
- (iv) The Audit Committee is to provide a statement that it has reviewed the terms of the RRPT to ensure that such transactions are undertaken based on terms not more favourable to the related parties than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the Group;

- (v) The Audit Committee also reviewed the procedures and processes with regards to the RRPT on a half yearly basis to ensure that the transactions are within the approved mandate.
- (vi) Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any person connected with them will also abstain from voting on the resolution at the extraordinary general meeting or annual general meeting to be convened for the purpose; and
- (vii) Disclosures will be made in the annual report on the breakdown of the aggregate value of the RRPT during the financial year, amongst others, based on the following information:-
  - the type of the RRPT made; and
  - the names of the related parties involved in each type of the RRPT made and their relationships with the Group.

### **Related Party Transactions**

The Audit Committee also reviewed transactions with related parties and/or interested persons to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Company's business practices and policies, not prejudicial to the interests of the Company and its minority shareholders and on terms which are generally no more favourable to the related parties and/or interested persons (pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

### **Other Activities**

- (a) Reviewed and recommended to the Board for approval, the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the Annual Report; and
- (b) Reviewed and recommended to the Board for approval the revised terms of reference of the Audit Committee following the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad, which took effect from 3 May 2016 as follows:
  - (i) to make available the terms of reference of the Audit Committee on the Company's website; and
  - (ii) to strengthen the role of the Audit Committee when reviewing financial statements by requesting the Audit Committee to also focus on amongst others, significant matters highlighted in the financial statement and significant judgements made by Management.

### **SUMMARY OF THE WORK 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 Audit 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 ("Sports Toto"), the principal operating subsidiary of the Group which is involved in the gaming operations.

During the financial year ended 30 April 2017, the Internal Audit Department carried out various audit assignments on Sports Toto. The areas audited included branch audit of company's sales offices, audit of Head Office operating departments, and IT audit. Internal audit reports were issued to the Audit Committee and the Sports Toto's 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.

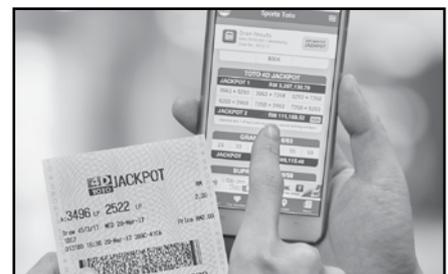
The total cost incurred for the internal audit function of the Company for the financial year ended 30 April 2017 was RM683,637.

### **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The terms of reference of Audit Committee which laid down its duties is accessible via the Company's website at [www.berjaya.com](http://www.berjaya.com).

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

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 2017.

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies consist of:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- leasing of online lottery equipment and provision of software support;
- manufacture and distribution of computerised lottery and voting systems;
- property investment and development;
- operation of hotel;
- motor retailing, repair and maintenance and provision of aftersales and insurance services; and
- investment holding and others.

Details of the subsidiary companies are disclosed in Note 4 to the financial statements.

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

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit/(loss) for the year	246,707	(500,721)
Attributable to:		
Owners of the parent	237,131	(500,721)
Non-controlling interests	9,576	-
	<u>246,707</u>	<u>(500,721)</u>

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

In the opinion of the directors, the results of the 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 for the impairment of investment in subsidiary companies as disclosed in Note 30 to the financial statements.

**DIVIDENDS**

The amount of dividends paid by the Company since 30 April 2016 were as follows:

	<b>RM'000</b>
<u>In respect of the financial year ended 30 April 2016</u>	
<u>as reported in the Directors' Report of that year:</u>	
Fourth interim single tier dividend of 5 sen per share on 1,347,972,300 ordinary shares with voting rights, paid on 9 August 2016	<u>67,399</u> #
<u>In respect of the financial year ended 30 April 2017:</u>	
First interim single tier dividend of 4 sen per share on 1,347,972,300 ordinary shares with voting rights, paid on 18 October 2016	53,919
Second interim single tier dividend of 4 sen per share on 1,347,972,300 ordinary shares with voting rights, paid on 25 January 2017	53,919
Third interim single tier dividend of 3 sen per share on 1,347,972,300 ordinary shares with voting rights, paid on 28 April 2017	<u>40,439</u>
	<u>148,277</u>
The directors declared and approved on 20 June 2017:	
A fourth interim single tier dividend of 3 sen per share on 1,347,972,300 ordinary shares with voting rights, payable on 9 August 2017 in respect of the financial year ended 30 April 2017	<u>40,439</u> *

# This dividend was accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ended 30 April 2017.

\* 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 2018.

## DIRECTORS

The directors of the Company in office since the beginning of the financial year to the date of this report are:

Cheah Tek Kuang  
Dato' Sri Robin Tan Yeong Ching  
Seow Swee Pin  
Nerine Tan Sheik Ping  
Chan Kien Sing  
Freddie Pang Hock Cheng  
Datuk Robert Yong Kuen Loke  
Dato' Dickson Tan Yong Loong  
Dato' Oon Weng Boon

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the Employees' Share Scheme granted by a related corporation as disclosed under Directors' Interests.

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 28(a) 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 the director has a substantial financial interest except as disclosed in Note 38 to the financial statements.

## INDEMNITIES TO DIRECTORS AND OFFICERS

The Company maintained a Directors' & Officers' Liability insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and for the Group. The total amount of insurance premium effected for any director and officer of the Company as at the financial year end was RM38,808. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

**DIRECTORS' INTERESTS**

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

**The Company**

**Berjaya Sports Toto Berhad**

	At 1.5.16	Number of ordinary shares		At 30.4.17
		Acquired	Disposed	
Cheah Tek Kuang	40,278 ^	-	-	40,278 ^
Dato' Sri Robin Tan Yeong Ching	1,007,142	-	-	1,007,142
Chan Kien Sing	3,610	-	-	3,610
Freddie Pang Hock Cheng	410,850	-	-	410,850
	170,729 ^	-	-	170,729 ^
Seow Swee Pin	92,749	-	-	92,749
	7,900 ^	-	-	7,900 ^
Datuk Robert Yong Kuen Loke	123,667	-	-	123,667
Dato' Dickson Tan Yong Loong	13,294	-	-	13,294

**Penultimate Holding Company**

**Berjaya Land Berhad**

	At 1.5.16	Number of ordinary shares		At 30.4.17
		Acquired	Disposed	
Dato' Sri Robin Tan Yeong Ching	600,000	-	-	600,000
	56,600,000 *	-	-	56,600,000 *
Nerine Tan Sheik Ping	2,000,000	-	-	2,000,000
Freddie Pang Hock Cheng	160,000	-	-	160,000
	4,000 ^	-	-	4,000 ^
Datuk Robert Yong Kuen Loke	360,808	-	-	360,808

**Ultimate Holding Company**

**Berjaya Corporation Berhad ("BCorp")**

	At 1.5.16	Number of ordinary shares		At 30.4.17
		Acquired	Disposed	
Dato' Sri Robin Tan Yeong Ching	2,222,847	66,685 #	-	2,289,532
	626,317,595 *	18,789,527 #	-	645,107,122 *
	5,000 ^	150 #	-	5,150 ^
Chan Kien Sing	47,688	1,430 #	-	49,118
Freddie Pang Hock Cheng	217,388	6,521 #	-	223,909
	143,300 ^	4,299 #	-	147,599 ^
Datuk Robert Yong Kuen Loke	1,020,918	30,627 #	-	1,051,545

## DIRECTORS' INTERESTS (CONT'D)

### Ultimate Holding Company

#### Berjaya Corporation Berhad ("BCorp") (Cont'd)

	Number of RM1.00 nominal value of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022			
	At 1.5.16	Acquired	Converted	At 30.4.17
Dato' Sri Robin Tan Yeong Ching	2,620,500	-	-	2,620,500
	66,329,000 *	-	-	66,329,000 *
	1,000 ^	-	-	1,000 ^
Nerine Tan Sheik Ping	132,000	-	-	132,000
Chan Kien Sing	10,000	-	-	10,000
Freddie Pang Hock Cheng	40,000	-	-	40,000
	25,200 ^	-	-	25,200 ^
Datuk Robert Yong Kuen Loke	2,516,508	-	-	2,516,508

	Number of Warrants 2012/2022			
	At 1.5.16	Acquired	Converted	At 30.4.17
Dato' Sri Robin Tan Yeong Ching	2,620,500	-	-	2,620,500
	87,029,000 *	-	-	87,029,000 *
	1,000 ^	-	-	1,000 ^
Chan Kien Sing	10,000	-	-	10,000
Freddie Pang Hock Cheng	40,000	-	-	40,000
	25,200 ^	-	-	25,200 ^
Datuk Robert Yong Kuen Loke	170,108	-	-	170,108

### Related Companies

#### Berjaya Food Berhad ("BFood")

	Number of ordinary shares			At 30.4.17
	At 1.5.16	Acquired	Disposed	
Dato' Sri Robin Tan Yeong Ching	2,089,300	426,700 β	-	2,516,000

	Number of ordinary shares under the Employees' Share Scheme ("ESS")			
	At 1.5.16	Granted	Exercised/ vested	At 30.4.17
<u>ESS Options</u>				
Dato' Sri Robin Tan Yeong Ching	-	1,440,000	216,000	1,224,000
<u>ESS Shares</u>				
Dato' Sri Robin Tan Yeong Ching	-	360,000	-	360,000

**DIRECTORS' INTERESTS (CONT'D)**

**Related Companies (Cont'd)**  
**Redtone International Berhad**

	Number of ordinary shares			At 30.4.17
	At 1.5.16	Acquired	Disposed	
Cheah Tek Kuang	-	20,000	20,000	-
Freddie Pang Hock Cheng	50,000 <sup>^</sup>	-	-	50,000 <sup>^</sup>

	Number of 2.75% Irredeemable Convertible Unsecured Loan Stocks 2010/2020 of RM0.10 each			At 30.4.17
	At 1.5.16	Acquired	Disposed	
Freddie Pang Hock Cheng	50,000 <sup>^</sup>	-	-	50,000 <sup>^</sup>

\* Denotes indirect interests held pursuant to Section 8 of the Companies Act 2016 ("CA 2016").

<sup>^</sup> Denotes indirect interests held pursuant to Section 59(11)(c) of the CA 2016.

# Share dividend distribution by BCorp on the basis of three (3) BCorp treasury shares for every one hundred (100) existing BCorp ordinary shares on 30 December 2016.

<sup>β</sup> Inclusive of shares arising from the exercise of BFood's Employees' Share Scheme Options.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares, warrants, options and debentures in the Company or its related corporations during the financial year.

**DIRECTORS' REMUNERATION**

Details of Directors' remuneration are set out in Note 28 to the financial statements.

**SHARE CAPITAL AND TREASURY SHARES**

The number and carrying amounts of treasury shares as at 30 April were as follows:

	Number of shares		Carrying amounts	
	2017 Units '000	2016 Units '000	2017 RM'000	2016 RM'000
Balance as at 1 May	3,058	6,636	10,061	24,712
Acquisition of additional treasury shares during the year	-	5,968	-	18,251
Distribution of treasury shares as share dividend during the year	-	(9,546)	-	(32,902)
Total treasury shares as at 30 April (Note 19)	3,058	3,058	10,061	10,061

As at 30 April 2017, the issued and paid up share capital of the Company with voting rights was 1,347,972,300 (2016 : 1,347,972,300) ordinary shares.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position, statements of profit or loss and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability or financial guarantee of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 36 to the financial statements.
- (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 EVENT DURING THE FINANCIAL YEAR**

Significant event during the financial year is disclosed in Note 45 to the financial statements.

**SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR**

Significant event subsequent to the financial year is disclosed in Note 46 to the financial statements.

**AUDITORS AND AUDITORS' REMUNERATION**

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

Auditors' remuneration are disclosed in Note 28 to the financial statements.

**INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 July 2017

**DATO' SRI ROBIN TAN YEONG CHING**

**SEOW SWEE PIN**

# STATEMENT BY DIRECTORS

Pursuant to Section 251 (2) of the Companies Act 2016

We, DATO' SRI ROBIN TAN YEONG CHING and SEOW SWEE PIN, 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 68 to 186 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of the results and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 47 on page 187 to the financial statements have been prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 July 2017

**DATO' SRI ROBIN TAN YEONG CHING**

**SEOW SWEE PIN**

# STATUTORY DECLARATION

Pursuant to Section 251 (1)(b) of the Companies Act 2016

I, SEOW SWEE PIN, 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 68 to 187 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 }  
SEOW SWEE PIN at Kuala Lumpur in the Federal }  
Territory on 31 July 2017 }

**SEOW SWEE PIN**

Before me,

**YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)**  
Commissioner for Oaths  
Kuala Lumpur, Malaysia

# STATEMENTS OF FINANCIAL POSITION

as at 30 April 2017

	Note	Group			Company	
		2017	Restated 2016	Restated 1 May 2015	2017	2016
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	3	214,658	217,226	166,478	1,393	1,648
Investment in subsidiary companies	4	-	-	-	4,506,983	5,185,070
Investment in associated companies	5	66,596	44,231	18,797	16,497	5,514
Long term investments	6	95,173	86,394	106,240	113	113
Investment properties	7	112,935	99,576	95,966	-	-
Deferred tax assets	8	38,348	43,484	23,692	-	-
Intangible assets	9	788,150	789,537	775,771	-	-
		<u>1,315,860</u>	<u>1,280,448</u>	<u>1,186,944</u>	<u>4,524,986</u>	<u>5,192,345</u>
<b>Current assets</b>						
Inventories	10	382,909	467,013	364,042	-	-
Receivables	11	496,656	370,474	278,312	32,470	85,775
Tax recoverable		22,012	4,713	2,210	-	-
Amounts due from subsidiary companies	12	-	-	-	285,900	246,314
Deposits with financial institutions	13	252,393	402,597	315,404	15,000	25,000
Cash and bank balances	13	134,622	130,865	114,801	3,247	886
		<u>1,288,592</u>	<u>1,375,662</u>	<u>1,074,769</u>	<u>336,617</u>	<u>357,975</u>
<b>TOTAL ASSETS</b>		<u>2,604,452</u>	<u>2,656,110</u>	<u>2,261,713</u>	<u>4,861,603</u>	<u>5,550,320</u>

**STATEMENTS OF FINANCIAL POSITION**  
as at 30 April 2017

	Note	Group			Company	
		2017 RM'000	Restated 2016 RM'000	Restated 1 May 2015 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the parent</b>						
Share capital	14	135,103	135,103	135,103	135,103	135,103
Other reserves	15	227,484	21,327	21,327	-	-
Exchange reserve	16	123,301	85,129	59,800	-	-
Available-for-sale ("AFS") reserve	17	3,759	3,991	15,560	-	-
Retained earnings	18	288,434	531,412	477,419	3,859,607	4,576,004
Equity funds		778,081	776,962	709,209	3,994,710	4,711,107
Treasury shares	19	(10,061)	(10,061)	(24,712)	(10,061)	(10,061)
Net equity funds		768,020	766,901	684,497	3,984,649	4,701,046
Non-controlling interests		44,232	73,956	71,070	-	-
<b>Total equity</b>		<b>812,252</b>	<b>840,857</b>	<b>755,567</b>	<b>3,984,649</b>	<b>4,701,046</b>
<b>Non-current liabilities</b>						
Retirement benefit obligations	20	3,231	3,385	3,818	-	-
Long term borrowings	21	551,974	695,000	495,000	-	-
Other long term liability	22	928	1,283	1,467	212	335
Amounts due to a subsidiary company	26	-	-	-	568,880	-
Deferred tax liabilities	8	16,314	16,641	15,679	-	-
		572,447	716,309	515,964	569,092	335
<b>Current liabilities</b>						
Short term borrowings	23	591,026	456,323	443,786	-	-
Provisions	24	2,359	1,418	1,095	-	-
Payables	25	619,241	637,910	538,834	1,442	1,648
Amounts due to subsidiary companies	26	-	-	-	306,420	847,291
Tax payable		7,127	3,293	6,467	-	-
		1,219,753	1,098,944	990,182	307,862	848,939
<b>TOTAL LIABILITIES</b>		<b>1,792,200</b>	<b>1,815,253</b>	<b>1,506,146</b>	<b>876,954</b>	<b>849,274</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,604,452</b>	<b>2,656,110</b>	<b>2,261,713</b>	<b>4,861,603</b>	<b>5,550,320</b>

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

# STATEMENTS OF PROFIT OR LOSS

for the Year Ended 30 April 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	27	5,731,396	5,563,227	216,343	281,606
Cost of sales		(4,618,622)	(4,417,769)	-	-
<b>GROSS PROFIT</b>		<b>1,112,774</b>	<b>1,145,458</b>	<b>216,343</b>	<b>281,606</b>
Selling and distribution expenses		(267,932)	(300,841)	-	-
General and administrative expenses		(446,412)	(380,082)	(16,967)	(18,988)
<b>PROFIT BEFORE OTHER INCOME AND EXPENSES</b>	28	<b>398,430</b>	<b>464,535</b>	<b>199,376</b>	<b>262,618</b>
Investment related income	29	2,600	1,993	-	-
Investment related expenses	30	(8,953)	(9,818)	(678,087)	(1,005,450)
Other income	31	29,447	32,010	17,540	16,615
		421,524	488,720	(461,171)	(726,217)
Finance costs	32	(50,946)	(47,842)	(39,550)	(40,106)
Share of results of associated companies		5,563	4,780	-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>376,141</b>	<b>445,658</b>	<b>(500,721)</b>	<b>(766,323)</b>
Taxation	33	(129,434)	(127,566)	-	114
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>246,707</b>	<b>318,092</b>	<b>(500,721)</b>	<b>(766,209)</b>
<b>ATTRIBUTABLE TO:</b>					
Owners of the parent		237,131	308,640	(500,721)	(766,209)
Non-controlling interests		9,576	9,452	-	-
		<b>246,707</b>	<b>318,092</b>	<b>(500,721)</b>	<b>(766,209)</b>
Earnings per share attributable to owners of the parent	34				
- Basic (sen)		17.59	22.88		
- Diluted (sen)		17.59	22.88		
<b>DIVIDENDS PER SHARE (SEN)</b>	35				
- First interim dividend				4.00	2.50
- First interim dividend - share dividend				-	2.50
- Second interim dividend				4.00	5.00
- Third interim dividend				3.00	4.00
- Fourth interim dividend				3.00	5.00

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

# STATEMENTS OF COMPREHENSIVE INCOME

for the Year Ended 30 April 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
PROFIT/(LOSS) AFTER TAXATION		246,707	318,092	(500,721)	(766,209)
OTHER COMPREHENSIVE INCOME					
<u>Items that may be reclassified</u> <u>subsequently to profit or loss</u>					
Net changes on available-for-sale ("AFS") financial assets					
- Changes in fair value of AFS investments		(447)	(14,213)	-	-
- Disposals of AFS investments transferred to profit or loss		(141)	1,191	-	-
Effects of foreign exchange differences		26,739	20,024	-	-
<u>Items that will not be reclassified</u> <u>subsequently to profit or loss</u>					
Actuarial (loss)/gain recognised in defined benefit pension scheme	20(ii)	(699)	658	-	-
Tax effect relating to components of other comprehensive income		180	(132)	-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>272,339</b>	<b>325,620</b>	<b>(500,721)</b>	<b>(766,209)</b>
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO:</b>					
Owners of the parent		274,617	322,734	(500,721)	(766,209)
Non-controlling interests		(2,278)	2,886	-	-
		<b>272,339</b>	<b>325,620</b>	<b>(500,721)</b>	<b>(766,209)</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the Year Ended 30 April 2017

GROUP	Attributable to Owners of the Parent										
	Share capital RM'000	Treasury shares RM'000	Exchange reserve RM'000	AFS reserve RM'000	Other reserves		Distributable		Total to owners of parent company RM'000	Non-controlling interests RM'000	Total equity RM'000
					Capital reserve RM'000	Consolidation reserve RM'000	Retained earnings RM'000	Reserve RM'000			
As at 1 May 2015	135,103	(24,712)	59,800	15,560	21,327	-	477,419	684,497	71,070	755,567	
Profit for the year	-	-	-	-	-	-	308,640	308,640	9,452	318,092	
Other comprehensive income for the year	-	-	25,329	(11,569)	-	-	334	14,094	(6,566)	7,528	
<b>Total comprehensive income for the year</b>	-	-	25,329	(11,569)	-	-	308,974	322,734	2,886	325,620	
<b>Transactions with owners</b>											
Dividends (Note 35)	-	-	-	-	-	-	(222,079)	(222,079)	-	(222,079)	
Distribution of treasury shares as share dividend (Notes 19 and 35)	-	32,902	-	-	-	-	(32,902)	-	-	-	
Purchase of treasury shares (Note 19)	-	(18,251)	-	-	-	-	-	(18,251)	-	(18,251)	
Total transactions with owners	-	14,651	-	-	-	-	(254,981)	(240,330)	-	(240,330)	
As at 30 April 2016	135,103	(10,061)	85,129	3,991	21,327	-	531,412	766,901	73,956	840,857	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Year Ended 30 April 2017

		Attributable to Owners of the Parent							
Share capital RM'000	Treasury shares RM'000	Exchange reserve RM'000	AFS reserve RM'000	Other reserves		Distributable Retained earnings RM'000	Total to parent company RM'000	Non- controlling interests RM'000	Total equity RM'000
				Capital reserve RM'000	Consolidation reserve RM'000				
135,103	(10,061)	85,129	3,991	21,327	-	531,412	766,901	73,956	840,857
-	-	-	-	-	-	237,131	237,131	9,576	246,707
-	-	38,172	(232)	-	-	(454)	37,486	(11,854)	25,632
-	-	38,172	(232)	-	-	236,677	274,617	(2,278)	272,339
<b>Transactions with owners</b>									
-	-	-	-	-	-	(215,676)	(215,676)	-	(215,676)
Dividends (Note 35)									
Transferred from distributable earnings to capital reserve arising from a subsidiary company's bonus issue of shares									
-	-	-	-	263,979	-	(263,979)	-	-	-
Arising from increase in equity interest in a subsidiary company									
-	-	-	-	-	(57,822)	-	(57,822)	(27,446)	(85,268)
Total transactions with owners									
-	-	-	-	263,979	(57,822)	(479,655)	(273,498)	(27,446)	(300,944)
135,103	(10,061)	123,301	3,759	285,306	(57,822)	288,434	768,020	44,232	812,252

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

# STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30 April 2017

	Share capital RM'000	Treasury shares RM'000	<u>Distributable</u> Retained earnings RM'000	Total equity RM'000
<b>COMPANY</b>				
As at 1 May 2015	135,103	(24,712)	5,597,194	5,707,585
<b>Total comprehensive loss for the year</b>	-	-	(766,209)	(766,209)
<b>Transactions with owners</b>				
Distribution of treasury shares as share dividend (Notes 19 and 35)	-	32,902	(32,902)	-
Dividends (Note 35)	-	-	(222,079)	(222,079)
Purchase of treasury shares (Note 19)	-	(18,251)	-	(18,251)
Total transactions with owners	-	14,651	(254,981)	(240,330)
As at 30 April 2016	135,103	(10,061)	4,576,004	4,701,046
As at 1 May 2016	135,103	(10,061)	4,576,004	4,701,046
<b>Total comprehensive loss for the year</b>	-	-	(500,721)	(500,721)
<b>Transaction with owners</b>				
Dividends (Note 35)	-	-	(215,676)	(215,676)
Total transaction with owners	-	-	(215,676)	(215,676)
As at 30 April 2017	135,103	(10,061)	3,859,607	3,984,649

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the Year Ended 30 April 2017

	<b>GROUP</b>	
	<b>2017</b>	<b>Restated 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	6,000,209	5,940,890
Payments to prize winners, suppliers and for other operating expenses	(4,930,165)	(4,818,365)
Payments for pool betting duties, gaming tax, goods and services tax and other government contributions	(653,854)	(646,015)
Payment of taxes	(132,719)	(146,602)
Refund of taxes	20	297
Other receipts	280	175
Net cash generated from operating activities	<u>283,771</u>	<u>330,380</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	1,830	1,143
Proceeds from disposal of long term investments	10,316	2,269
Acquisition of property, plant and equipment (Note A)	(29,606)	(76,470)
Acquisition of additional equity interest in a subsidiary company	(85,268)	-
Acquisition of investment in associated companies	(23,603)	(20,281)
Acquisition of investment in a subsidiary company (Note D)	-	(13,714)
Subscription of shares in subsidiaries	(22)	-
Acquisition of investment properties (Note B)	(12,324)	(2,806)
Acquisition of long term investments	(16,076)	(1,571)
Dividend received	1,424	1,183
Interest received	13,559	15,451
Other receipts arising from investments	960	6,139
Other payment arising from investments	(1,336)	-
Placements with fund managers	(22,223)	(53,154)
Net cash used in investing activities	<u>(162,369)</u>	<u>(141,811)</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the Year Ended 30 April 2017

	GROUP	
	2017	Restated 2016
	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of medium term notes	80,000	305,000
Repayment of medium term notes	(105,000)	(200,000)
Drawdown of borrowings	76,475	106,648
Repayment of borrowings	(59,766)	(8,296)
Repayment of hire purchase liabilities	(681)	(597)
Finance costs paid	(51,382)	(47,011)
Dividends paid to shareholders of the Company	(215,869)	(222,882)
Dividends paid to non-controlling interests of a subsidiary company	-	(62)
Treasury shares acquired	-	(18,251)
Net cash used in financing activities	<u>(276,223)</u>	<u>(85,451)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(154,821)	103,118
<b>CASH AND CASH EQUIVALENTS AS AT 1 MAY</b>	530,453	427,299
Effects of exchange rate changes	8,420	36
<b>CASH AND CASH EQUIVALENTS AS AT 30 APRIL (Note C)</b>	<u><u>384,052</u></u>	<u><u>530,453</u></u>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Note A Acquisition of property, plant and equipment</b>		
Hire purchase	416	524
Cash	29,606	76,470
	<u>30,022</u>	<u>76,994</u>
<b>Note B Acquisition of investment properties</b>		
Payment for current year acquisition	12,324	2,800
Payment for previous year acquisition/renovation costs	-	6
	<u>12,324</u>	<u>2,806</u>
<b>Note C Cash and cash equivalents comprise the following:</b>		
Deposits with financial institutions (Note 13)	252,393	402,597
Cash and bank balances (Note 13)	134,622	130,865
	<u>387,015</u>	<u>533,462</u>
Less : Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(2,963)	(3,009)
	<u><u>384,052</u></u>	<u><u>530,453</u></u>

## CONSOLIDATED STATEMENT OF CASH FLOWS for the Year Ended 30 April 2017

	GROUP	
	2017 RM'000	2016 RM'000
<b>Note D Analysis of the effects of the acquisition of a subsidiary company on cash flows was as follows:</b>		
Property, plant and equipment (Note 3)	-	1,752
Net other assets acquired	-	5,785
Goodwill on consolidation (Notes 4(a) and 9)	-	5,573
Intangible assets on consolidation (Notes 4(a) and 9)	-	3,831
Net assets acquired	-	16,941
Excluding: Cash and cash equivalents of subsidiary company acquired	-	(3,227)
Cash flow on acquisition	-	13,714

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

# STATEMENT OF CASH FLOWS

for the Year Ended 30 April 2017

	COMPANY	
	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment for operating expenses	(16,795)	(18,614)
Dividends received	270,616	273,992
Tax refund	-	78
Net cash generated from operating activities	<u>253,821</u>	<u>255,456</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment (Note A)	(55)	(48)
Proceeds from disposal of property, plant and equipment	3	-
Interest received	604	722
Acquisition of investment in an associated company	(10,983)	(4,171)
(Repayment to)/receipts from a subsidiary company	(10,909)	7,752
Advances given to subsidiary companies	(22,659)	(18,265)
Net cash used in investing activities	<u>(43,999)</u>	<u>(14,010)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(215,869)	(222,882)
Interest paid	(38)	(43)
Repayment of hire purchase liabilities	(218)	(191)
Treasury shares acquired	-	(18,251)
Other payments arising from investments	(1,336)	-
Net cash used in financing activities	<u>(217,461)</u>	<u>(241,367)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(7,639)	79
<b>CASH AND CASH EQUIVALENTS AS AT 1 MAY</b>	25,886	25,807
<b>CASH AND CASH EQUIVALENTS AS AT 30 APRIL (Note B)</b>	<u>18,247</u>	<u>25,886</u>
<b>Note A Acquisition of property, plant and equipment</b>		
Hire purchase	132	-
Cash	55	48
	<u>187</u>	<u>48</u>
<b>Note B Cash and cash equivalents comprise the following:</b>		
Deposits with financial institutions (Note 13)	15,000	25,000
Cash and bank balances (Note 13)	3,247	886
	<u>18,247</u>	<u>25,886</u>

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 its subsidiary companies.

The principal activities of the subsidiary companies consist of:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- leasing of online lottery equipment and provision of software support;
- manufacture and distribution of computerised lottery and voting systems;
- property investment and development;
- operation of hotel;
- motor retailing, repair and maintenance and provision of aftersales and insurance services; and
- investment holding and others.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market 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 penultimate holding and ultimate holding companies are Berjaya Land Berhad and Berjaya Corporation Berhad ("BCorp") respectively, both of which are incorporated and domiciled in Malaysia and are listed on the Main Market of Bursa Malaysia Securities Berhad.

Related companies in the financial statements refer to member companies of the BCorp group of companies other than subsidiary companies of the Company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 July 2017.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below and comply with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

On 15 September 2016, the Companies Act 2016 ("New Act") was enacted and it replaces the Companies Act, 1965 in Malaysia with effect from 31 January 2017. The key changes of the New Act are disclosed 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiary companies, which are prepared up to the end of the same financial year.

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) potential voting rights held by the Group, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance to the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT"). The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition, the amount of any non-controlling interests in the acquiree and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT and the amount of any non-controlling interests in the acquiree, the fair value of the Group's previously held equity interest in the acquiree and any contingent consideration. For an acquisition that is a business combination, the related acquisition costs are recognised in profit or loss as incurred.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (a) Subsidiaries and basis of consolidation (cont'd)

When control in a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the business combination, as the case maybe, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combination, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition when the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

The contingent consideration to be transferred by the acquirer will be recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with MFRS 139: Financial Instruments - Recognition and Measurement or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised 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. Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except for unrealised losses, which are not eliminated when there are indications of impairment.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

## **2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.2 Summary of Significant Accounting Policies (Cont'd)**

#### **(a) Subsidiaries and basis of consolidation (cont'd)**

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

When there is a share buyback by a subsidiary company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary company. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed is recognised directly in equity attributable to owners of the parent.

Changes in the Group's ownership interests in subsidiary company that do not result in the Group losing control over the subsidiary company are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary company, a gain or loss is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interest;

is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

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

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (b) Associated companies

Associated companies are entities in which the Group has significant influence. Significant influence is the power through board representations to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements and supplemented by management financial statements of the associated companies made up to the Group's financial year end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise impairment loss on its investment in its associated companies. At each reporting date, the Group determines whether there is objective evidence that the investment in the associated companies is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value, then recognises the loss in the statement of profit or loss.

On acquisition of an investment in associated company, any excess of the cost of investment over the Group's share of net fair value of the identifiable assets acquired and liabilities assumed of the investee is recognised as goodwill and 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 acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of associated company's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associated company is recognised at cost on initial recognition, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company after the date of acquisition, less impairment losses. The Group's share of comprehensive income of associated companies acquired or disposed of during the financial year, is included in the consolidated profit or loss from the date that significant influence effectively commences or 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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (b) Associated companies (cont'd)

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 legal and constructive obligations or has made payment on behalf of the associated company.

Upon loss of significant influence over the associated company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the retained investment and proceeds from the disposals is recognised in profit or loss.

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 acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill 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) Dealership rights

The cost of dealership rights acquired in a business combination is at their fair value at the date of acquisition. Following the initial recognition, the dealership rights are carried at cost less any accumulated impairment losses. The dealership rights are assessed and recognised based on the dealership agreements signed with the selected luxury brand car manufacturers that satisfied the criterion to be separately identified as intangible assets and highly likely to contribute significant future economic benefits. The dealership rights, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently, when indications of impairment are identified. The useful lives of dealership rights are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on prospective basis.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (c) Intangible assets (cont'd)

##### (iii) Customer relationships

The cost of customer relationships acquired in a business combination is at their fair value at the date of acquisition. Following the initial recognition, the customer relationships are carried at cost less accumulated amortisation and any accumulated impairment losses. The customer relationships with finite lives are amortised on a straight-line basis over their useful economic lives and assessed for impairment whenever there is an indication that the customer relationships may be impaired.

##### (iv) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. 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 the 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 reporting date.

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

All items of 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. Subsequent to recognition, when a property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment. 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 and buildings	Amortised over the lease period
Buildings	2%
Plant and machinery	10% - 33%
Computer equipment	10% - 33%
Office equipment	10% - 67%
Furniture and fittings	10% - 20%
Motor vehicles	20% - 33%
Renovations	10% - 20%
Gym equipment	20%
Hotel and kitchen equipment and utensils	20%

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. Any gains or losses on the derecognition of the asset are included in profit or loss in the year the asset is derecognised.

#### (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 the valuation is performed by independent professional valuers.

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

When an item of investment property carried at fair value is transferred to property, plant and equipment following a change in its use, the property's deemed cost for subsequent accounting in accordance with MFRS 116: Property, Plant and Equipment shall be its fair value at the date of change in use.

When an item of property, plant and equipment is transferred to investment properties 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 other comprehensive income. However, if such fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of the investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings.

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

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting 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 reporting date or more frequently when there are indications of impairment.

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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (f) Impairment of non-financial assets (cont'd)

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 profit or loss in the period, in which it arises, unless the asset is carried at a revalued amount in which the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed that amount held in the fair value 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 profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### (g) Inventories

Inventories 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 and weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs to completion and the estimated costs necessary to make the sale.

Vehicles used for demonstration purposes are valued at cost less appropriate charge for use. Vehicles on consignment are included in inventories when substantially all of the principal benefits and inherent risks rest with the Group. The corresponding consignment liability after deducting any deposits is classified as manufacturers' vehicle stocking loans.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (h) Fair value measurement

The Group measures financial instruments, such as, derivatives, and certain non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability; or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole as described in Note 39.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy as explained above.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The Group and the Company categorise the financial assets as follows:

#### (i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

#### (ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in fair value through profit or loss, loans and receivables and held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (i) Financial assets (cont'd)

##### (ii) Available-for-sale financial assets (cont'd)

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current asset unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the assets has expired or has been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### (j) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (j) Impairment of financial assets (cont'd)

##### (i) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost had the impairment not been recognised at the reversal date. The amount of reversal is recognised in profit or loss.

##### (ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the Group and Company's share of net assets of the issuer or the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### (iii) Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt instruments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (k) Cash and cash equivalents

For the purposes of the statements of cash flow, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments with a maturity of three months or less which have an insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

#### (l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group and the Company categorise the financial liabilities as follows:

##### (i) Other financial liabilities

Other financial liabilities of the Group and the Company include trade payables, other payables, loans and borrowings.

Trade and other payables are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value net of transaction cost incurred and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (l) Financial liabilities (Cont'd)

##### (ii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### (m) Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

#### (n) 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. 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 profit or loss on the sale, reissuance or cancellation of treasury shares. Treasury shares may be acquired and held by the Company. Consideration paid or received is recognised directly in equity.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (o) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### (p) Leases

##### (i) As lessee

Finance leases, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the period in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

When the assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of lease on a straight-line basis.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (q) Taxes

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (ii) Goods and Services Tax ("GST") and Value Added Tax ("VAT")

Where the GST or VAT incurred in a purchase of assets or services is not recoverable from the respective taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST or VAT being the difference between output and input of GST or VAT, payable to or receivable from the respective taxation authorities at the reporting date, is included in trade and other payables or trade and other receivables accordingly in the statements of financial position.

##### (iii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (q) Taxes (cont'd)

##### (iii) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (r) Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If there is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (s) 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 and of the Company. 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 and the Company pay 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 its respective country's statutory pension schemes.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

##### (iii) Defined benefit plans

Pension benefits are provided to eligible employees of the Group's certain foreign subsidiaries through their respective defined benefit plans.

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.

The Group's net obligations in respect of defined benefit plans for certain subsidiary companies are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The liability recognised in the consolidated statement of financial position for defined benefit plans is the discounted present value of the defined benefit obligation using prudent and appropriate discount factor at the consolidated reporting date less the fair value of plan assets. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds. The calculation is performed by independent actuaries using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of limiting a net defined benefit asset to the asset ceiling (excluding net interest, if applicable) and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Such re-measurements are not reclassified to profit or loss in subsequent periods.

Past-service costs are recognised immediately in profit or loss on the earlier of:

- (i) the date of the plan amendment or curtailment; and
- (ii) the date that the Group recognises restructuring related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises service costs and net interest expense or income in profit or loss.

## **2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.2 Summary of Significant Accounting Policies (Cont'd)**

#### **(t) 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 reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting 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 translated using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation. These 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 profit or loss.

Exchange differences arising on monetary items that form part of the Company’s net investment in foreign operation are recognised in profit or loss of the Company’s separate financial statements 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 profit or loss 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 recognised directly in equity.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (t) Foreign currencies (cont'd)

##### (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 as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss and other comprehensive income are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 May 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 May 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

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

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
1 United States Dollar ("USD")	4.3515	3.8880
1 Hong Kong Dollar ("HKD")	0.5593	0.5013
1 Philippine Peso ("Php")	0.0870	0.0830
1 Great Britain Pound ("GBP")	5.6120	5.6825

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (u) Financial guarantee contracts

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs because the specified debtor fails to make when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

#### (v) Revenue and other income recognition

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

##### (i) Toto betting

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

##### (ii) Dividend income

Dividend income from subsidiary and associated companies and other investments are recognised when the shareholders' rights to receive the dividend payment is established.

##### (iii) Interest income

Interest income is recognised on an accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

##### (iv) Rental income

Rental income, including those from investment properties, is recognised, on the straight line basis over the term of the lease unless collection is in doubt, in which case, it is recognised on receipt basis.

##### (v) Management fee

Management fee is recognised on accrual basis.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (v) Revenue and other income recognition (cont'd)

##### (vi) Lease of lottery equipment

Revenue from the lease of lottery equipment is recognised based on certain percentage of gross receipts from lottery ticket sales, excluding foreign value-added tax and trade discounts.

##### (vii) Lottery and voting products sales, services and licensing income

Revenue from lottery and voting products sales, services and licensing 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) Motor distribution and dealership operations

###### Sales of vehicles, parts and accessories

###### Servicing, repair, body shop sales and insurance income

Revenue on sales of vehicles are recognised when substantially all the risks and rewards of ownership have been transferred to the customer, generally deemed at the time of delivery to the customer. Revenue on sales of parts and accessories are recognised on delivery to the customer. Revenue on servicing, insurance, repair and body shop sales are recognised on completion of the agreed work. Revenue are recognised net of value-added tax and discounts, where applicable. Revenue in relation to commission on vehicle sales as an agent and insurance sales as a broker are recognised on the completion of the related transactions.

##### (ix) Fitness centre operations

###### Membership fees

Membership fees are recognised on straight line basis over the membership period. Membership fees received in advance are only recognised when they are due.

###### Revenue from services

Revenue from services arises from the provision of professional training to members. Revenue from services rendered is recognised when services are performed.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (v) Revenue and other income recognition (cont'd)

##### (x) Hotel operations

###### Revenue from room services

Revenue from room services are recognised when the services are rendered.

###### Sale of food, beverages and others

Revenue from sale of food, beverages and others are recognised upon delivery to and receipt of goods by the customers.

##### (xi) Other income

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

#### (w) Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

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

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

Revenue presented under geographical segments are based on location where the sales are 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 geographical segment based on location of the assets. Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (x) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

### 2.3 Significant changes in regulatory requirements

#### Companies Act 2016 (the "New Act")

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Company upon the commencement of the New Act on 31 January 2017 are:

- the removal of authorised share capital;
- the ordinary shares of the Company will cease to have par or nominal value; and
- the Company's share premium will become part of the share capital.

The adoption of the New Act has no financial impact on the Group and the Company for the current financial year ended 30 April 2017. The effect of adoption is mainly on the disclosures to the financial statements of the Group and of the Company.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Changes in Accounting Policies and Prior Period Adjustment

On 1 May 2016, the Group and the Company adopted the following new MFRS, Amendments to MFRSs and Annual Improvements to MFRSs:

#### Effective for financial periods beginning on or after 1 January 2016

Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities : Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Disclosure Initiatives
Amendments to MFRS 116 and MFRS 138	Classification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture - Bearer Plants
Amendments to MFRS 127	Separate Financial Statements - Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012-2014 Cycle	

The adoption of the above new MFRS, Amendments to MFRSs and Annual Improvements to MFRSs did not have any effect on the financial performance or position of the Group and of the Company.

#### **Clarifications from IFRS Interpretation Committee on MFRS 112 : Income Taxes**

The Group has assessed the dealership rights in relation to the motor dealership operations with carrying amount of RM57.5 million as at 30 April 2017, to have indefinite useful life which is not amortised but tested for impairment annually or when indication of impairment arises. The deferred tax has not been provided for dealership rights as the Group has previously taken the view commonly applied that the carrying amount of an indefinite useful life intangible asset will be recovered through sale.

In November 2016, the IFRS Interpretation Committee ("IFRS IC") clarified that an indefinite useful life intangible asset is not a non-depreciable asset as it does not have infinite life, but rather it is not amortised because there is no foreseeable limit on the period during which an entity expects to consume future economic benefits embodied in that asset. Hence, an entity cannot automatically avail itself to the requirements of paragraph 51B of the MFRS 112 : Income Taxes, i.e. to assume recovery through sale as in the case of a non-depreciable asset measured using the revaluation model in MFRS 116 : Property, Plant and Equipment.

Following the above clarification from IFRS IC, the Group changed its accounting policy on the expected method of recovering its carrying amount of dealership rights to recovery through use instead of recovery through sale. As such, deferred tax would now be measured and provided on this intangible asset with indefinite useful life. The change in accounting policy is applied retrospectively.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Changes in Accounting Policies and Prior Period Adjustment (Cont'd)

As a result of the above, certain comparative amounts for the financial years ended 30 April 2016 and 30 April 2015 have been adjusted and disclosed below:

Group	Note	As previously reported RM'000	Prior period adjustment RM'000	As restated RM'000
<b>Statement of Financial Position</b>				
<b>As at 30 April 2016</b>				
<u>Intangible assets</u>				
Goodwill on consolidation				
- As at 1 May 2015		707,214	12,015	719,229
- Current year		-	(281)	(281)
<u>Deferred tax (assets)/liabilities</u>				
- As at 1 May 2015	8	(20,028)	12,015	(8,013)
- Current year		-	(281)	(281)
<b>As at 1 May 2015</b>				
<u>Intangible assets</u>				
Goodwill on consolidation				
- As at 1 May 2014	9	697,297	12,770	710,067
- Current year		-	(755)	(755)
<u>Deferred tax (assets)/liabilities</u>				
- As at 1 May 2014	8	(12,226)	12,770	544
- Current year		-	(755)	(755)

**Prior Period Adjustment**

In addition to the above, the Group has also reclassified certain payables due to vehicle manufacturers into short term borrowings as the terms and facilities provided by the vehicle manufacturers have the characteristics of borrowings. The reclassification have no impact on statement of profit or loss.

Group	Note	As previously reported RM'000	Prior period adjustment RM'000	As restated RM'000
<b>Statement of Financial Position</b>				
<b>As at 30 April 2016</b>				
Short term borrowings	23	135,978	320,345	456,323
Payables	25	958,255	(320,345)	637,910
<b>As at 1 May 2015</b>				
Short term borrowings	23	200,000	243,786	443,786
Payables	25	782,620	(243,786)	538,834

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Changes in Accounting Policies and Prior Period Adjustment (Cont'd)

#### Prior Period Adjustment (Cont'd)

	As previously reported RM'000	Prior period adjustment RM'000	As restated RM'000
<b>Consolidated Statement of Cash Flows</b>			
<b>As at 30 April 2016</b>			
Net cash generated from operating activities	397,754	(67,374)	330,380
Net cash used in financing activities	(152,825)	67,374	(85,451)

### 2.5 Standards Issued but Not Yet Effective

At the date of authorisation for issue of these financial statements, the following new MFRSs, Amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs were issued but not yet effective and have not been applied by the Group and the Company.

#### **Effective for financial periods beginning on or after 1 January 2017**

Amendment to MFRS 107	Statement of Cash Flows - Disclosure Initiative
Amendment to MFRS 112	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014-2016 Cycle	- Amendments to MFRS 12 : Disclosure of Interests in Other Entities

#### **Effective for financial periods beginning on or after 1 January 2018**

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 : Insurance Contracts
Amendments to MFRS 140	Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014-2016 Cycle	(Amendments to MFRS 1 : First-time Adoption of Financial Reporting Standards)
Annual Improvements to MFRSs 2014-2016 Cycle	(Amendments to MFRS 11 and MFRS 128 : Investment in Associates and Joint Ventures)

#### **Effective for financial periods beginning on or after 1 January 2019**

MFRS 16	Leases
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#### **Effective date yet to be determined**

Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)
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## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Standards Issued but Not Yet Effective (Cont'd)

Unless otherwise described below, the new MFRSs, Amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of all the above MFRSs, Amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs.

The Group is currently assessing the impact that the adoption of the standards below will have on its financial position and performance.

#### (a) MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 : Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139: Financial Instruments – Recognition and Measurement and all previous version of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

#### (b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 : Revenue, MFRS 111 : Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group does not anticipate the adoption of this standard will have a material impact to the Group's financial statements.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Standards Issued but Not Yet Effective (Cont'd)

#### (c) MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases : operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company are currently assessing the impact of the adoption of MFRS 16 will have on the amounts reported and disclosures made in the Group's and Company's financial statements.

### 2.6 Significant Accounting Estimates and Judgements

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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

The following are the judgements made by 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.

##### (i) **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on MFRS 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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

#### (a) Critical judgements made in applying accounting policies (cont'd)

##### (i) Classification between investment properties and property, plant and equipment (cont'd)

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 its properties as investment properties.

##### (ii) Leases - As lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards ownership of these properties which are leased out on operating leases.

##### (iii) Impairment of available-for-sale investments

The Group reviews its investment in equity instruments classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost, and will impair quoted and unquoted equity instruments with "significant" decline in fair value greater than 20% or "prolonged" period, being greater than 12 months.

For the financial year ended 30 April 2017, the amount of impairment loss recognised for available-for-sale investments was RM375,000 (2016 : RM8,061,000) as disclosed in Note 30.

##### (iv) Useful life of intangible assets

The Group considers that the goodwill and dealership rights arising from Toto betting operations and motor dealership have indefinite useful life because they are expected to contribute to the Group's net cash flows indefinitely. The Group intends to continue the Toto betting and motor dealership operations and is confident that these rights can be maintained indefinitely. Historically, there has been no compelling challenge to the renewal of these rights.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 and dealership rights

The Group determines whether goodwill and dealership rights are impaired at least on an annual basis. This requires an estimation of the value-in-use ("VIU") of the CGU to which goodwill and dealership rights are allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to apply a discount rate that reflects the specific risk relating to the respective CGU in order to calculate the present value of those cash flows. Details of the goodwill and dealership rights are disclosed in Note 9.

The Group carries goodwill of RM638,068,000 (2016 : RM637,420,000) in respect of Toto betting operations in Malaysia ("Licence") and the lottery equipment lease agreement in the Philippines ("ELA") as at 30 April 2017. In regards to the impairment review of the CGU for the Licence, the Group intends to continue with the annual renewal of the Licence indefinitely and considers that the annual renewal of the Licence is expected to contribute to the Group's net cash flows indefinitely. Historically, there has been no compelling challenge to the renewal of the License. The technology used in the gaming activities is supplied and with support provided by a subsidiary company of the Group and is not expected to be replaced by another technology at any time in the foreseeable future.

In regards to the ELA, the achievability of the VIU would be principally dependent on the successful renewal of the ELA. The ELA was granted a transitional extension of three years to August 2018, pending the outcome of the on-going arbitration proceedings. At the reporting date, the arbitration proceedings is still on-going. The Group is of the view that PGMC is legally entitled to specific performance and the ELA will continue to be extended an additional three (3) years under the law of Philippines, in relation to the arbitration. Details of the transitional extension and the arbitration proceedings are disclosed in Note 44.

In view of this, the Group has assessed and concluded that the VIU amounts can sufficiently address the carrying value of this CGU as at 30 April 2017.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

#### (b) Key sources of estimation uncertainty (cont'd)

##### (ii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 11.

##### (iii) 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. Details of deferred tax assets are disclosed in Note 8.

##### (iv) Useful life of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimate due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Changes in expected level of usage and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation and amortisation charges on such assets could be revised.

##### (v) Inventory valuations

The Group holds significant inventories of used cars in the United Kingdom. Trade guides and other publications are used to assist in the assessment of the carrying values of these cars at the reporting date and write-downs taken as necessary.

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.6 Significant Accounting Estimates and Judgements (Cont'd)**

**(b) Key sources of estimation uncertainty (cont'd)**

**(vi) Impairment of investment in subsidiary companies**

The Company conducted an annual impairment review of its investment in subsidiary companies. The Company carried out the impairment test based on assessment of the fair value less costs to sell of the investees' assets or CGU or based on the estimation of the VIU of the CGU of the investees. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to apply a discount rate that reflects the specific risk relating to respective CGU in order to calculate the present value of those cash flows. An impairment loss will be recognised if the carrying values of these CGU are assessed to be in excess of their VIU.

The annual impairment review resulted in the Company recognising an impairment loss amounting to RM678,087,000 (2016 : RM1,005,450,000) in respect of its investment in subsidiary companies. Details of the impairment loss recognised are disclosed in Note 4.

As at 30 April 2017, the carrying amount of investment in subsidiaries of the Company was RM4,506,983,000 (2016 : RM5,185,070,000).

**(vii) Useful life of customer relationships**

The customer relationships are recognised separately from goodwill on acquisition of a subsidiary company. The Group estimates the useful lives of customer relationships up to 10 years which determined based on customer attrition from the acquired relationships. The estimated useful lives of customer relationships are reviewed periodically.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 April 2017

#### 3 PROPERTY, PLANT AND EQUIPMENT

Group	Net book value as at 1 May 2016		Additions		Disposals		Write-off		Acquisition of a subsidiary		Reclassifications		Translation exchange differences		Depreciation		Net book value as at 30 April 2017	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2017</b>																		
Freehold land	7,417	-	-	-	-	-	-	-	-	-	-	-	(150)	-	-	-	7,267	
Building - hotel	52,814	-	-	-	-	-	-	-	-	-	-	-	2,597	(1,268)	-	-	54,143	
Land and buildings	25,993	1,850	(661)	-	-	-	-	-	-	-	-	-	(425)	(381)	-	-	26,376	
Plant and machinery	26,592	7,788	-	-	-	-	-	-	-	1,069	-	-	(543)	(7,676)	-	-	27,230	
Computer equipment	15,642	7,668	(2)	(5)	(2)	(5)	(5)	(5)	-	-	-	-	3	(5,173)	-	-	18,133	
Office equipment	3,123	1,669	(3)	(4)	(3)	(4)	(4)	(4)	-	-	-	-	29	(1,045)	-	-	3,769	
Furniture and fittings	1,334	178	-	(3)	-	(3)	(3)	(3)	-	-	-	-	1	(302)	-	-	1,208	
Motor vehicles	22,785	4,572	(836)	(125)	(836)	(125)	(125)	(125)	-	-	-	-	52	(4,586)	-	-	21,862	
Renovations	61,312	4,613	-	(27)	-	(27)	(27)	(27)	-	(1,069)	-	-	(1,129)	(10,832)	-	-	52,868	
Gym equipment	18	12	-	-	-	-	-	-	-	-	-	-	-	(17)	-	-	13	
Hotel and kitchen equipment and utensils	196	45	-	-	-	-	-	-	-	-	-	-	12	(91)	-	-	162	
Capital work-in-progress	-	1,627	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,627	
	217,226	30,022	(1,502)	(164)	(164)	(164)	(164)	(164)	-	-	-	-	447	(31,371)	-	-	214,658	

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 April 2017**

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

**Group (Cont'd)**

	Net book value as at 1 May 2015		Additions		Disposals		Write-off		Acquisition of a subsidiary		Reclassifications		Translation exchange differences		Depreciation		Net book value as at 30 April 2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2016</b>																		
Freehold land	7,147	-	-	-	-	-	-	-	-	-	-	-	270	-	-	-	7,417	
Building - hotel	52,083	-	-	-	-	-	-	-	-	-	-	-	1,999	(1,268)	-	52,814		
Land and buildings	5,243	20,861	-	-	-	-	-	-	-	-	-	-	-	(111)	-	25,993		
Plant and machinery	16,891	14,031	(15)	(15)	-	895	209	-	1,027	-	-	-	131	(6,446)	-	26,592		
Computer equipment	21,583	879	(63)	(63)	(34)	-	-	(19)	24	-	-	-	68	(6,854)	-	15,642		
Office equipment	1,972	1,937	-	-	(19)	-	-	(25)	1	-	-	-	68	(791)	-	3,123		
Furniture and fittings	1,600	476	-	-	(17)	-	-	(17)	-	-	-	-	1,822	(718)	-	1,334		
Motor vehicles	21,097	7,882	(1,311)	(1,311)	(6)	-	-	(6)	857	-	-	-	37	(4,934)	-	22,785		
Renovations	38,323	30,717	-	-	-	-	-	-	-	-	-	-	-	(10,401)	-	61,312		
Gym equipment	48	2	-	-	-	-	-	-	-	-	-	-	-	(32)	-	18		
Hotel and kitchen equipment and utensils	491	-	-	-	-	-	-	-	-	-	-	-	37	(332)	-	196		
Capital work-in-progress	-	209	-	-	-	-	-	-	(209)	-	-	-	-	-	-	-	-	
	166,478	76,994	(1,389)	(1,389)	(101)	1,752	-	5,379	(31,887)	-	-	-	-	-	-	217,226		

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>As at 30 April 2017</b>			
Freehold land	7,267	-	7,267
Building - hotel	62,685	(8,542)	54,143
Land and buildings	27,790	(1,414)	26,376
Plant and machinery	63,446	(36,216)	27,230
Computer equipment	127,475	(109,342)	18,133
Office equipment	15,823	(12,054)	3,769
Furniture and fittings	8,503	(7,295)	1,208
Motor vehicles	56,438	(34,576)	21,862
Renovations	128,405	(75,537)	52,868
Gym equipment	1,137	(1,124)	13
Hotel and kitchen equipment and utensils	1,126	(964)	162
Capital work-in-progress	1,627	-	1,627
	<b>501,722</b>	<b>(287,064)</b>	<b>214,658</b>
<b>As at 30 April 2016</b>			
Freehold land	7,417	-	7,417
Building - hotel	59,759	(6,945)	52,814
Land and buildings	27,323	(1,330)	25,993
Plant and machinery	55,577	(28,985)	26,592
Computer equipment	125,920	(110,278)	15,642
Office equipment	14,925	(11,802)	3,123
Furniture and fittings	8,350	(7,016)	1,334
Motor vehicles	58,034	(35,249)	22,785
Renovations	130,216	(68,904)	61,312
Gym equipment	1,125	(1,107)	18
Hotel and kitchen equipment and utensils	1,030	(834)	196
Capital work-in-progress	-	-	-
	<b>489,676</b>	<b>(272,450)</b>	<b>217,226</b>

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

(a) Properties of the Group with net carrying value of RM74,255,000 (2016 : 52,814,000) are pledged to financial institutions for credit facilities granted to foreign subsidiary companies as disclosed in Note 21.

(b) Net book value of property, plant and equipment of the Group held under hire purchase arrangements are as follows:

	2017 RM'000	2016 RM'000
Office equipment	-	7
Motor vehicles	2,631	2,677
Gym equipment	-	13
	2,631	2,697

Company

	Net book value as at 1 May 2016 RM'000	Additions RM'000	Disposal RM'000	Depreciation RM'000	Net book value as at 30 April 2017 RM'000
<b>2017</b>					
Computer equipment	25	5	-	(14)	16
Office equipment	104	6	-	(19)	91
Furniture and fittings	325	2	-	(101)	226
Motor vehicles	884	151	(8)	(216)	811
Renovations	310	23	-	(84)	249
	1,648	187	(8)	(434)	1,393

	Net book value as at 1 May 2015 RM'000	Additions RM'000	Write-off RM'000	Depreciation RM'000	Net book value as at 30 April 2016 RM'000
<b>2016</b>					
Computer equipment	37	10	-	(22)	25
Office equipment	126	20	(2)	(40)	104
Furniture and fittings	860	18	-	(553)	325
Motor vehicles	1,067	-	-	(183)	884
Renovations	673	-	-	(363)	310
	2,763	48	(2)	(1,161)	1,648

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company (Cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<b>As at 30 April 2017</b>			
Computer equipment	719	(703)	16
Office equipment	374	(283)	91
Furniture and fittings	5,598	(5,372)	226
Motor vehicles	1,522	(711)	811
Renovations	3,679	(3,430)	249
	<u>11,892</u>	<u>(10,499)</u>	<u>1,393</u>
<b>As at 30 April 2016</b>			
Computer equipment	714	(689)	25
Office equipment	368	(264)	104
Furniture and fittings	5,596	(5,271)	325
Motor vehicles	1,540	(656)	884
Renovations	3,656	(3,346)	310
	<u>11,874</u>	<u>(10,226)</u>	<u>1,648</u>

Net book value of property, plant and equipment of the Company held under hire purchase arrangements are as follows:

	2017 RM'000	2016 RM'000
Motor vehicles	<u>762</u>	<u>788</u>

4 INVESTMENT IN SUBSIDIARY COMPANIES

	<u>Company</u>	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	6,605,200	6,605,200
Less : Accumulated impairment losses (Note 30)	(2,098,217)	(1,420,130)
	<u>4,506,983</u>	<u>5,185,070</u>

At the reporting date, the Company conducted a review of the recoverable amount of its investment in certain subsidiary companies of which indications of impairment exists.

The review gave rise to the recognition of impairment of investment in subsidiary companies as disclosed in Note 30, and reduced the investment in these subsidiaries by RM678,087,000 (2016 : RM1,005,450,000) as the carrying values have exceeded the value-in-use amounts estimated by the Company. As at 30 April 2017, the recoverable amounts of these investment in subsidiary companies were RM3,926,983,000 (2016 : RM4,605,070,000).

Details of the subsidiary companies are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			2017 %	2016 %
<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 and property investment	100	100
FEAB Equities Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Fitness Sdn Bhd	Malaysia	Operation of health and fitness centre	100	100
STM Resort Sdn Bhd	Malaysia	Property investment	100	100

4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			2017 %	2016 %
<b>Subsidiary companies of Berjaya Sports Toto Berhad (Cont'd)</b>				
Sports Toto Malaysia Sdn Bhd ^^	Malaysia	Toto betting operations	100	100
Magna Mahsuri Sdn Bhd	Malaysia	Property investment and investment holding	100	100
Berjaya-ILTS Limited #	Hong Kong	Dormant	100	100
<b>Subsidiary company of FEAB Land Sdn Bhd</b>				
FEAB Realty Sdn Bhd	Malaysia	Dormant	100	100
<b>Subsidiary companies of Magna Mahsuri Sdn Bhd</b>				
Berjaya Sports Toto (Cayman) Limited ("BSTC")	Cayman Islands	Investment holding	100	100
Sports Toto Products Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Apparel Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Computer Sdn Bhd	Malaysia	Computer consultancy services	100	100
<b>Subsidiary company of Berjaya Sports Toto (Cayman) Limited</b>				
Berjaya Lottery Management (HK) Limited ("BLM") #	Hong Kong	Investment holding	100	100

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 April 2017**

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

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			2017 %	2016 %
<b>Subsidiary companies of Berjaya Lottery Management (HK) Limited</b>				
Berjaya Philippines Inc. ("BPI") *	Philippines	Investment holding	74.20	74.20
International Lottery & Totalizator Systems, Inc. *	United States of America	Manufacturer and distributor of computerised lottery and voting systems	100	100
<b>Subsidiary companies of Berjaya Philippines Inc.</b>				
Philippine Gaming Management Corporation *	Philippines	Leasing of online lottery equipment and provision of software support	100	100
Perdana Hotel Philippines Inc. *	Philippines	Operation of a hotel in the Philippines	100	100
H.R. Owen Plc * (Note a)	United Kingdom	Investment holding	98.38	72.03
Berjaya Enviro Philippines Inc. * (Note b)	Philippines	Service business of protecting and cleaning the environment	100	-
<b>Subsidiary company of International Lottery &amp; Totalizator Systems, Inc.</b>				
Unisyn Voting Solutions, Inc. *	United States of America	Develops, manufactures and provision of licenses and supports for voting systems	100	100

4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			2017 %	2016 %
<b>Subsidiary companies of H.R. Owen Plc</b>				
Broughtons of Cheltenham Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
H.R. Owen Dealerships Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
Holland Park Limited *	United Kingdom	Provision of aftersales services	100	100
Jack Barclay Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
Bodytechnics Limited *	United Kingdom	Maintenance and repair of motor vehicles	100	100
H.R. Owen Insurance Services Limited * (Note c)	United Kingdom	Provision of insurance agent and broker services	60	-
Upbrook Mews Limited * (Note d)	United Kingdom	Engage in letting and operating of own or leased real estate	100	-
Heathrow Limited *	United Kingdom	Dormant	100	100
Malaya Dealerships Limited *	United Kingdom	Dormant	100	100
H.R. Owen Vehicle Leasing Company Limited *	United Kingdom	Dormant	100	100
H.R. Owen Motor Dealerships Limited *	United Kingdom	Dormant	100	100

4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			2017 %	2016 %
<b>Subsidiary companies of H.R. Owen Plc (Cont'd)</b>				
H.R. Owen Leasing Limited *	United Kingdom	Dormant	100	100
H.R. Owen Motor Properties Limited *	United Kingdom	Dormant	100	100
Netprofit.com Limited ("Netprofit") *	United Kingdom	Dormant	100 @	100 @
London Lotus Centre Limited *	United Kingdom	Dormant	100	100
Bradshaw Webb (Chelsea) Limited *	United Kingdom	Dormant	100	100
H.R. Owen Investments Limited *	United Kingdom	Dormant	100	100
<b>Subsidiary company of H.R. Owen Investments Ltd</b>				
H.R. Owen Finance Limited *	United Kingdom	Dormant	100	100

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

# Audited by other member firms of Ernst & Young Global

^ The total equity interests held by the Group in BPI is 88.26% (2016 : 88.26%) and it is held by the following companies respectively:

	2017 %	2016 %
i) BLM	74.20	74.20
ii) BSTC	14.06	14.06
	<u>88.26</u>	<u>88.26</u>

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

@ The total equity interests held by H.R. Owen Plc group in Netprofit is 100% (2016 : 100%) and it is held by the following companies respectively:

	<b>2017</b>	<b>2016</b>
	%	%
i) H.R. Owen Plc	50.00	50.00
ii) Bradshaw Webb (Chelsea) Limited	50.00	50.00
	100.00	100.00

Note a On 8 December 2016, Berjaya Philippines Inc. executed a Share Sale Agreement to purchase from Bentley Motor Limited 6,589,934 shares of H.R. Owen Plc, an existing subsidiary company of BPI for a total consideration of GBP14.8 million (equivalent to approximately RM85.3 million) ("Share Purchase"). The Share Purchase was completed during the financial year and consequently BPI's equity interests in H.R. Owen Plc had increased from 72.03% to 98.38%. The change of the Group's ownership interest in H.R. Owen Plc is accounted for as equity transaction.

Note b On 7 April 2017, BPI incorporated a wholly-owned subsidiary company namely Berjaya Enviro Philippines Inc. with subscription of 250,000 ordinary shares of Php1.0 per share for a total consideration of Php250,000 (equivalent to approximately RM22,000).

Note c On 27 May 2016, H.R. Owen Plc acquired 60% equity interest in H.R. Owen Insurance Services Limited for a total consideration of GBP60 (equivalent to RM330).

Note d H.R. Owen Plc incorporated a wholly-owned subsidiary company namely Upbrook Mews Limited on 20 September 2016 with subscription of 1 ordinary share of GBP1 (equivalent to RM6).

^^ The medium term notes issued by Sports Toto Malaysia Sdn Bhd are secured by a third party first equitable charge over the unquoted shares of the said subsidiary company as disclosed in Note 21. The carrying value of the unquoted shares were RM3,918,970,000 (2016 : RM4,594,670,000) at the reporting date.

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

**(a) Acquisition of a subsidiary company**

In the previous financial year, H.R. Owen Plc, a subsidiary company of the Group, completed the acquisition of 100% equity interest in Bodytechnics Limited, for a total cash consideration of GBP2,609,000 (equivalent to RM16,941,000).

The fair values of the identifiable assets and liabilities of this acquisition as at the date of acquisition were as follows:

<b>2016</b>	<b>RM'000</b>
<b>Group</b>	
Non-current assets	1,752
Current assets	10,294
	<u>12,046</u>
Non-current liabilities	35
Current liabilities	4,474
	<u>4,509</u>
Fair value of net assets acquired	7,537
Goodwill on acquisition (Note 9)	5,573
Customer relationships on acquisition (Note 9)	3,831
Total cost of acquisition	<u><u>16,941</u></u>

The net cash flows on acquisition were as follows:

<b>2016</b>	<b>RM'000</b>
<b>Group</b>	
Purchase consideration satisfied by cash	16,941
Cash and cash equivalents of subsidiary company acquired	<u>(3,227)</u>
Net cash outflow on acquisition of a subsidiary company at the date of acquisition	<u><u>13,714</u></u>

4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Subsidiary companies with material non-controlling interests

The subsidiary companies with non-controlling interests of which the Group regards as material are set out below.

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2017 %	2016 %
BPI (on consolidated basis)	Philippines	11.74	11.74

The summarised financial information presented below is the amount before inter-company elimination and after reflecting the fair value adjustments arising from business combination.

(i) Summarised statement of financial position

<u>BPI</u>	2017 RM'000	2016 RM'000
Non-current assets	473,833	439,512
Current assets	815,575	854,512
Total assets	1,289,408	1,294,024
Non-current liabilities	38,831	7,099
Current liabilities	623,569	650,945
Total liabilities	662,400	658,044
Net assets	627,008	635,980
Equity attributable to equity holders of the Parent	582,776	562,024
Non-controlling interests	44,232	73,956
Total equity	627,008	635,980

4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Subsidiary companies with material non-controlling interests (cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

<b><u>BPI</u></b>	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
Revenue	2,501,819	2,326,490
Profit for the year attributable to:		
- Owners of the parent	52,181	52,578
- Non-controlling interests	9,576	9,452
Profit for the year	61,757	62,030
Other comprehensive income (net of tax) attributable to:		
- Owners of the parent	(50,002)	(39,252)
- Non-controlling interests	(11,854)	(6,566)
Other comprehensive income for the year	(61,856)	(45,818)
Total comprehensive (loss)/income for the year	(99)	16,212
Total comprehensive (loss)/income attributable to:		
- Owners of the parent	2,179	13,326
- Non-controlling interests	(2,278)	2,886
Total comprehensive (loss)/income for the year	(99)	16,212

(iii) Summarised statement of cash flows

<b><u>BPI</u></b>	<b>2017</b> <b>RM'000</b>	<b>Restated</b> <b>2016</b> <b>RM'000</b>
Net cash generated from/(used in):		
Operating activities	150,010	46,775
Investing activities	(151,989)	(136,340)
Financing activities	4,278	87,354
Net change in cash and cash equivalents	2,299	(2,211)
Dividend paid to non-controlling interests	-	(62)

5 INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	65,599	41,996	21,641	10,658
Less: Adjustment for loss on deemed disposal (Note 30)	(8,578)	-	-	-
	57,021	41,996	21,641	10,658
Share of post-acquisition profit	9,507	3,944	-	-
	66,528	45,940	21,641	10,658
Exchange differences	3,424	1,647	-	-
	69,952	47,587	21,641	10,658
Less: Accumulated impairment losses	(3,356)	(3,356)	(5,144)	(5,144)
	66,596	44,231	16,497	5,514

Details of the associated companies are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			2017 %	2016 %
<b>Associated companies of Berjaya Sports Toto Berhad</b>				
Berjaya Racing Management Sdn Bhd	Malaysia	Dormant	20	20
Berjaya Lottery Vietnam Limited (Note a)	Malaysia	Investment holding	20	20
<b>Associated company of FEAB Properties Sdn Bhd</b>				
Cashsystems Asia Technology Sdn Bhd ("Cashsystems") *	Malaysia	Dormant, under liquidation	30	30
<b>Associated companies of Berjaya Philippines Inc. ("BPI")</b>				
Perdana Land Philippines Inc. *	Philippines	Acquire, develop and lease real estate	40	40
Berjaya Pizza Philippines Inc. * ("BPizza") (Note b)	Philippines	Development and operation of "Papa John's Pizza" chain of restaurants in the Philippines	48.38	41

5 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			2017 %	2016 %
<b>Associated companies of Berjaya Philippines Inc. (Cont'd)</b>				
Bermaz Auto Philippines Inc. # ("BAuto") (formerly known as Berjaya Auto Philippines Inc.) (Note c)	Philippines	Selling and distribution of Mazda brand cars within the territory of the Philippines	25.48	35
Ssangyong Berjaya Motor Philippines Inc. * ("Ssangyong")	Philippines	Selling and distribution of Ssangyong brand vehicles within the territory of the Philippines	20	20
Neptune Properties Inc. ("Neptune") (Note d)	Philippines	Engage in real estate business	41.46	-
Cosway Philippines Inc. *	Philippines	Dormant	40	40

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

# Audited by other member firms of Ernst & Young Global

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

The following transactions occurred during the financial year:

- (a) On 28 April 2017, the Company subscribed for 2,676,800 new ordinary shares of USD1.00 each issued by Berjaya Lottery Vietnam Limited for a total cash consideration of USD2,676,800 (equivalent to approximately RM10,983,000). The Company's equity interest in this associated company remains unchanged, subsequent to the subscription.
- (b) On 5 August 2016, BPI completed the subscription of 35,000,000 new ordinary shares in BPizza for a total consideration of Php35.0 million (equivalent to approximately RM3,039,000) and the equity interests in BPizza has increased from 41.43% to 45.76%. Subsequently on 1 February 2017, BPI further subscribed 28,000,000 new ordinary shares in BPizza for a total consideration of Php28.0 million (equivalent to approximately RM2,437,000) and the equity interests in BPizza increased further to 48.38%.

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

- (c) The deemed disposal of 9.52% of BPI's equity interest in BAUTO arising from the dilution of equity interest following BAUTO enlarging its issued and paid up share capital as follows:
- (i) on 22 July 2016, BAUTO increased its issued and paid up share capital from Php209.0 million to Php220.0 million arising from new placement of shares and BPI's equity interest in BAUTO diluted from 35% to 33.25%; and
  - (ii) on 18 August 2016, BAUTO further increased its issued and paid up share capital from Php220.0 million to Php287.1 million through additional new placement of shares and BPI's equity interest in BAUTO has further diluted from 33.25% to 25.48%.

The loss arising from the deemed disposal of 9.52% amounting to RM8,578,000 is as disclosed in Note 30.

Subsequently on 15 September 2016, BAUTO issued stock dividend amounting to Php623.0 million to its existing shareholders via issuance of BAUTO shares and its issued and paid up share capital has further increased to Php910.1 million while BPI's equity interest in BAUTO remains unchanged at 25.48%.

- (d) On 6 May 2016, BPI completed the subscription of 42,500 new ordinary shares in Neptune for a total consideration of Php82,300,000 (equivalent to approximately RM7,144,000), representing 41.46% equity interests in Neptune.

Summarised financial information in respect of the material associated companies are set out below. The summarised financial information represents the amounts in the financial statements of the associated companies and not the Group's share of those amounts.

5 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(i) Summarised statement of financial position

<b><u>At 30 April 2017</u></b>	<b>BAuto RM'000</b>	<b>Neptune RM'000</b>	<b>Total RM'000</b>
Non-current assets	17,613	79,652	97,265
Current assets	196,038	15,830	211,868
<b>Total assets</b>	<b>213,651</b>	<b>95,482</b>	<b>309,133</b>
Non-current liabilities	11,908	444	12,352
Current liabilities	74,967	69,117	144,084
<b>Total liabilities</b>	<b>86,875</b>	<b>69,561</b>	<b>156,436</b>
<b>Net assets</b>	<b>126,776</b>	<b>25,921</b>	<b>152,697</b>
Group's share of net assets	31,587	10,747	42,334
<b><u>At 30 April 2016</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Non-current assets	14,167	-	14,167
Current assets	175,627	-	175,627
<b>Total assets</b>	<b>189,794</b>	<b>-</b>	<b>189,794</b>
Non-current liabilities	18,476	-	18,476
Current liabilities	89,595	-	89,595
<b>Total liabilities</b>	<b>108,071</b>	<b>-</b>	<b>108,071</b>
<b>Net assets</b>	<b>81,723</b>	<b>-</b>	<b>81,723</b>
Group's share of net assets	27,758	-	27,758

(ii) Summarised statement of profit or loss and other comprehensive income

<b><u>At 30 April 2017</u></b>	<b>BAuto RM'000</b>	<b>Neptune RM'000</b>	<b>Total RM'000</b>
Revenue	391,565	1,595	393,160
Profit before tax	48,963	18,639	67,602
Profit for the year, representing total comprehensive income for the year	34,270	18,571	52,841
Group's share of profit for the year	9,643	7,700	17,343

5 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(ii) Summarised statement of profit or loss and other comprehensive income (Cont'd)

<b><u>At 30 April 2016</u></b>	<b>BAuto RM'000</b>	<b>Neptune RM'000</b>	<b>Total RM'000</b>
Revenue	423,257	-	423,257
Profit before tax	46,064	-	46,064
Profit for the year, representing total comprehensive income for the year	32,141	-	32,141
Group's share of profit for the year	9,642	-	9,642

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associated companies

<b><u>At 30 April 2017</u></b>	<b>BAuto RM'000</b>	<b>Neptune RM'000</b>	<b>Total RM'000</b>
Net assets/(liabilities) as at 1 May 2016 prior to equity contribution	79,308	(1,411)	77,897
Increase in paid up share capital	6,799	8,920	15,719
Exchange differences	3,589	(159)	3,430
Profit for the year	34,270	18,571	52,841
	123,966	25,921	149,887
Equity contribution from parent	2,810	-	2,810
Net assets as at 30 April	126,776	25,921	152,697
Interest in the associated companies	25.48%	41.46%	
Group's equity interests	31,587	10,747	42,334
Goodwill	4,301	4,048	8,349
Carrying value of the Group's interest in the associated companies	35,888	14,795	50,683

5 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associated companies (Cont'd)

<b>At 30 April 2016</b>	<b>BAuto RM'000</b>	<b>Neptune RM'000</b>	<b>Total RM'000</b>
Net assets as at 1 May 2015 prior to equity contribution	46,960	-	46,960
Exchange differences	207	-	207
Profit for the year	32,141	-	32,141
	<u>79,308</u>	<u>-</u>	<u>79,308</u>
Equity contribution from parent	2,415	-	2,415
Net assets as at 30 April	<u>81,723</u>	<u>-</u>	<u>81,723</u>
Interest in the associated companies	35%	-	
Group's equity interests	27,758	-	27,758
Goodwill	5,634	-	5,634
Carrying value of the Group's interest in the associated companies	<u>33,392</u>	<u>-</u>	<u>33,392</u>

- (iv) Aggregate information of associated companies that are not individually material to the Group:

	<b>2017 RM'000</b>	<b>2016 RM'000</b>
The Group's share of loss for the year, representing total comprehensive loss for the year	<u>(11,780)</u>	<u>(4,862)</u>
Aggregate carrying amounts of the total Group's interests in these associated companies	<u>15,913</u>	<u>10,839</u>

The Group has discontinued the recognition of its share of losses of certain associated companies because the share of losses of these associated companies has exceeded the Group's interest in these associated companies. As at the reporting date, the Group's cumulative unrecognised share of losses in these associated companies amounted to Php5,234,000 equivalent to RM455,000 (2016 : Php25,931,000 equivalent to RM2,151,000).

6 LONG TERM INVESTMENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
<b>Available-for-sale financial assets</b>				
<b>Carrying amount:</b>				
<u>Equity instruments</u>				
- Quoted shares in Malaysia	65,398	65,264	-	-
- Quoted shares outside Malaysia	3,861	3,855	-	-
- Quoted warrants in Malaysia	1,253	1,333	-	-
- Quoted loan stocks in Malaysia	7,425	8,046	-	-
- Unquoted shares outside Malaysia	14,019	4,639	-	-
- Malaysian Government Securities	3,026	3,066	-	-
Total equity instruments at fair value	94,982	86,203	-	-
Club memberships	191	191	113	113
	<u>95,173</u>	<u>86,394</u>	<u>113</u>	<u>113</u>

During the current financial year, the Group recognised an impairment loss amounting to RM375,000 (2016 : RM8,061,000) in respect of certain quoted and unquoted investments designated as available-for-sale financial assets (as disclosed in Note 30) due to significant decline of more than 20% or prolonged decline of more than 12 months in the fair values of these investments.

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 yields interest at 4.24% (2016 : 4.24%) per annum.

7 INVESTMENT PROPERTIES

	Group	
	2017	2016
	RM'000	RM'000
At 1 May	99,576	95,966
Additions	12,324	2,800
Fair value adjustments (Note 29)	1,035	810
At 30 April	<u>112,935</u>	<u>99,576</u>
The carrying amount of investment properties held under lease terms are as follows:		
Leasehold land	2,350	2,350
Buildings	2,360	2,360
	<u>4,710</u>	<u>4,710</u>

**7 INVESTMENT PROPERTIES (CONT'D)**

The carrying amounts of the investment properties were valued by an independent valuer, who holds recognised qualifications and has relevant experience in valuing these type of properties. The fair values were determined based on comparison method.

The application for transfer of titles of the freehold land of a subsidiary company with carrying amount of RM2,350,000 (2016 : RM2,350,000) have been submitted to the relevant authority for processing upon successful conversion of leasehold to freehold status.

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

	Group			Company	
	2017 RM'000	Restated 2016 RM'000	Restated 1 May 2015 RM'000	2017 RM'000	2016 RM'000
At 1 May					
(as previously reported)	(26,843)	(20,028)	(12,226)	-	114
Effect of adopting clarifications on IFRS Interpretation Committee on MFRS 112 (Note 2.4)	-	12,015	12,770	-	-
At 1 May (as restated)	(26,843)	(8,013)	544	-	114
Recognised in the statement of profit or loss (Note 33)	6,602	(19,601)	(7,799)	-	(114)
Recognised in other comprehensive income (Note 20(ii))	(180)	132	(149)	-	-
Arising from acquisition of a subsidiary company	-	35	-	-	-
Recognised directly in intangible assets	(283)	(281)	(755)	-	-
Exchange differences	(1,330)	885	146	-	-
At 30 April	(22,034)	(26,843)	(8,013)	-	-
Presented after appropriate offsetting as follows:					
Deferred tax assets	(38,348)	(43,484)	(23,692)	-	-
Deferred tax liabilities	16,314	16,641	15,679	-	-
	(22,034)	(26,843)	(8,013)	-	-

**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:**

	<b>Retirement cost obligation RM'000</b>	<b>Payables RM'000</b>	<b>Unabsorbed tax losses and capital allowances RM'000</b>	<b>Total RM'000</b>
<b>2017</b>				
At 1 May 2016	(1,121)	(39,296)	(11,046)	(51,463)
Recognised in the statement of profit or loss	(27)	6,943	1,170	8,086
Recognised in other comprehensive income	(180)	-	-	(180)
Exchange differences	(48)	(139)	(1,076)	(1,263)
At 30 April 2017	<u>(1,376)</u>	<u>(32,492)</u>	<u>(10,952)</u>	<u>(44,820)</u>
Less: set-off against deferred tax liabilities				6,472
				<u>(38,348)</u>
<b>2016</b>				
At 1 May 2015	(1,166)	(30,547)	(1,566)	(33,279)
Recognised in the statement of profit or loss	(117)	(8,883)	(9,929)	(18,929)
Recognised in other comprehensive income	132	-	-	132
Exchange differences	30	134	449	613
At 30 April 2016	<u>(1,121)</u>	<u>(39,296)</u>	<u>(11,046)</u>	<u>(51,463)</u>
Less: set-off against deferred tax liabilities				7,979
				<u>(43,484)</u>
<b>2015</b>				
At 1 May 2014	(986)	(33,452)	(791)	(35,229)
Recognised in the statement of profit or loss	(92)	2,919	(825)	2,002
Recognised in other comprehensive income	(149)	-	-	(149)
Exchange differences	61	(14)	50	97
At 30 April 2015	<u>(1,166)</u>	<u>(30,547)</u>	<u>(1,566)</u>	<u>(33,279)</u>
Less: set-off against deferred tax liabilities				9,587
				<u>(23,692)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 April 2017**

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

**Deferred Tax Liabilities of the Group:**

	<b>Intangible assets RM'000</b>	<b>Accelerated capital allowances RM'000</b>	<b>Investment properties RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>2017</b>					
At 1 May 2016	11,734	10,671	1,392	823	24,620
Recognised directly in intangible assets	(283)	-	-	-	(283)
Recognised in the statement of profit or loss	-	(1,152)	40	(372)	(1,484)
Exchange differences	-	(89)	-	22	(67)
At 30 April 2017	<u>11,451</u>	<u>9,430</u>	<u>1,432</u>	<u>473</u>	<u>22,786</u>
Less: set-off against deferred tax assets					<u>(6,472)</u>
					<u>16,314</u>

	<b>Intangible assets RM'000</b>	<b>Accelerated capital allowances RM'000</b>	<b>Investment properties RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>2016 (Restated)</b>					
At 1 May 2015 (as previously reported)	-	11,832	429	990	13,251
Effect of adopting clarifications on IFRS Interpretation Committee MFRS112	12,015	-	-	-	12,015
At 1 May 2015 (as restated)	<u>12,015</u>	<u>11,832</u>	<u>429</u>	<u>990</u>	<u>25,266</u>
Acquisition of a subsidiary company	-	-	-	35	35
Recognised in the statement of profit or loss	-	(1,317)	963	(318)	(672)
Recognised directly in intangible assets	(281)	-	-	-	(281)
Exchange differences	-	156	-	116	272
At 30 April 2016	<u>11,734</u>	<u>10,671</u>	<u>1,392</u>	<u>823</u>	<u>24,620</u>
Less: set-off against deferred tax assets					<u>(7,979)</u>
					<u>16,641</u>

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

Deferred Tax Liabilities of the Group (Cont'd):

	Intangible assets RM'000	Accelerated capital allowances RM'000	Investment properties RM'000	Others RM'000	Total RM'000
<b>2015 (Restated)</b>					
At 1 May 2014 (as previously reported)	-	20,341	564	2,098	23,003
Effect of adopting clarifications on IFRS Interpretation Committee MFRS112	12,770	-	-	-	12,770
At 1 May 2014 (as restated)	12,770	20,341	564	2,098	35,773
Recognised in the statement of profit or loss	-	(8,429)	(135)	(1,237)	(9,801)
Recognised directly in intangible assets	(755)	-	-	-	(755)
Exchange differences	-	(80)	-	129	49
At 30 April 2015	12,015	11,832	429	990	25,266
Less: set-off against deferred tax assets					(9,587)
					15,679

Deferred Tax Assets of the Company:

	Other payables RM'000	Unabsorbed capital allowances RM'000	Total RM'000
<b>2017</b>			
At 1 May 2016	(26)	(64)	(90)
Recognised in the statement of profit or loss	(1)	64	63
At 30 April 2017	(27)	-	(27)
Less: set-off against deferred tax liability			27
			-
<b>2016</b>			
At 1 May 2015	(43)	(124)	(167)
Recognised in the statement of profit or loss	17	60	77
At 30 April 2016	(26)	(64)	(90)
Less: set-off against deferred tax liability			90
			-

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

Deferred Tax Liability of the Company:

	<b>Accelerated capital allowances RM'000</b>
<b>2017</b>	
At 1 May 2016	90
Recognised in the statement of profit or loss	(63)
At 30 April 2017	<u>27</u>
Less: set-off against deferred tax assets	<u>(27)</u>
	<u><u>-</u></u>
<b>2016</b>	
At 1 May 2015	281
Recognised in the statement of profit or loss	(191)
At 30 April 2016	<u>90</u>
Less: set-off against deferred tax assets	<u>(90)</u>
	<u><u>-</u></u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses				
-Malaysian income tax	81,976	67,376	30,051	26,320
-foreign tax	10,421	11,343	-	-
Unabsorbed capital allowances	1,386	1,020	518	509
Others	176	301	12	-
	<u>93,959</u>	<u>80,040</u>	<u>30,581</u>	<u>26,829</u>

Deferred tax assets have not been recognised in respect of the above unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences as it is not probable that future taxable profits from a business source as defined by the Malaysian tax legislature will be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised.

Subject to agreement by the Malaysian Inland Revenue Board, the unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future business profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under Section 44(5A) and Paragraph 75A, Schedule 3 of the Income Tax Act, 1967 (the Act). However, the Minister of Finance has exercised his powers under Section 44(5D) and Paragraph 75C, Schedule 3 of the Act to exempt all companies except dormant companies from the provisions of Section 44(5A) and Paragraph 75A, Schedule 3 of the Act respectively.

The foreign unutilised tax losses are applicable to a foreign subsidiary company which are pre-determined by the tax legislations of that country. Deferred tax asset in respect of foreign unutilised tax losses has not been recognised as it is not probable that future taxable profits will be available against which the unutilised foreign tax losses can be utilised.

9 INTANGIBLE ASSETS

	Group		
	2017 RM'000	Restated 2016 RM'000	Restated 1 May 2015 RM'000
<b>At carrying amount:</b>			
<b>Goodwill on consolidation</b>			
At 1 May (as previously reported)	727,519	707,214	697,297
Effects of adopting clarification from IFRS Interpretation Committee on MFRS 112 (Note 2.4)	-	12,015	12,770
At 1 May (as restated)	727,519	719,229	710,067
Arising from acquisition of a subsidiary company (Note 4)	-	5,573	-
Arising from acquisition of a business operation	-	-	7,377
Deferred tax liabilities recognised	(283)	(281)	(755)
Translation exchange differences	614	2,998	2,540
At 30 April	727,850	727,519	719,229
<b>Dealership rights</b>			
At 1 May	58,672	56,542	56,752
Translation exchange differences	(1,185)	2,130	(210)
At 30 April	57,487	58,672	56,542
<b>Customer relationships</b>			
At 1 May	3,346	-	-
Arising from acquisition of a subsidiary company (Note 4)	-	3,831	-
Amortisation (Note 28)	(459)	-	-
Translation exchange differences	(74)	(485)	-
At 30 April	2,813	3,346	-
<b>Total</b>	<b>788,150</b>	<b>789,537</b>	<b>775,771</b>

(a) Impairment test on goodwill, dealership rights and customer relationships

Allocation of goodwill

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

	Group		
	2017 RM'000	Restated 2016 RM'000	Restated 1 May 2015 RM'000
Toto betting operations and leasing of lottery equipment	638,068	637,420	636,968
Motor dealership	77,067	78,701	71,861
Others	12,715	11,398	10,400
	727,850	727,519	719,229

Allocation of dealership rights and customer relationships

Dealership rights and customer relationships are allocated solely to the Group's motor dealership operations.

## 9 INTANGIBLE ASSETS (CONT'D)

### (a) Impairment test on goodwill, dealership rights and customer relationships (Cont'd)

#### (a) Impairment test on goodwill

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets covering four and a half to five-year 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 the expected future growth rate based on growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

#### ii) Discount rates

The significant post-tax discount rates, applied to post-tax cash flows, used for the respective identified CGUs are in the range of 7.8% to 11.8% (2016 : 7.8% to 11.8%).

#### Sensitivity to changes in assumptions

The management believes that there are no reasonably possible change in any of the above key assumptions which would cause the carrying values of the goodwill to materially exceed their recoverable amounts other than the achievability of the VIU for the Philippines leasing of online lottery equipment operations which is principally dependent on the successful renewal of the ELA as disclosed in Note 2.6 (b)(i).

#### (b) Impairment test on dealership rights and customer relationships

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets covering five-year 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, adjusted for market and economic conditions and internal resource efficiency.

#### ii) Discount rates

The significant post-tax discount rate, applied to post-tax cash flows, used for the identified CGUs is 11.8% (2016 : 11.8%).

#### Sensitivity to changes in assumptions

The management believes that there are no reasonably possible change in any of the above key assumptions which would cause the carrying values of the dealership rights and customer relationships to materially exceed their recoverable amounts.

## 10 INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
<b>At cost:</b>		
Vehicles	254,427	407,544
Gaming equipment components and parts	894	1,755
Raw materials	13,729	9,624
Work-in-progress	4,185	14,103
Ticket inventories	4,741	3,558
Parts and consumables	13,832	12,911
Finished goods and inventories for resale	5,622	6,249
	297,430	455,744
<b>At net realisable value:</b>		
Vehicles	83,731	8,761
Parts and consumables	1,748	2,508
	382,909	467,013

The cost of inventories recognised as an expense during the financial year amounted to RM2,111,714,000 (2016 : RM1,914,112,000).

The carrying amounts of inventories pledged for vehicle stocking loans amounted to RM308,795,000 (2016 : RM396,706,000).

## 11 RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	177,570	87,913	-	-
Other receivables	187,814	218,103	1,340	22
Refundable deposits	5,378	10,511	712	724
Amounts due from associated companies	86,159	14,130	-	-
	456,921	330,657	2,052	746
Less : Allowance for doubtful debts				
- trade receivables	(1,427)	(1,823)	-	-
- other receivables	(104)	(1,238)	-	-
	455,390	327,596	2,052	746
Dividend receivable	-	-	30,381	84,954
Prepayments	41,266	42,878	37	75
	496,656	370,474	32,470	85,775

11 RECEIVABLES (CONT'D)

(a) Trade receivables

The Group's trade receivables are non-interest bearing with credit term ranges from 1 to 60 days (2016 : 1 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Included in the trade receivables of the Group is an amount due from a related company to a foreign subsidiary of the Group amounting to RM72,897,000 (2016 : nil). The amount due from this related company is considered as a significant concentration of credit risk to the Group.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	86,441	70,811
Past due but not impaired	89,702	15,279
Impaired	1,427	1,823
	<u>177,570</u>	<u>87,913</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM89,702,000 (2016 : RM15,279,000) that are past due at the reporting date but not impaired as there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Individually impaired</u>		
Trade receivables - nominal amounts	1,427	1,823
Less: Allowance for impairment	(1,427)	(1,823)
	<u>-</u>	<u>-</u>

11 RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Movement in allowance accounts

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>
At 1 May	1,823	1,219
- (Net reversal)/charge for the year (Note 28)	(387)	584
- Written off during the year	(7)	-
- Exchange differences	(2)	20
At 30 April	<u>1,427</u>	<u>1,823</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The management is of the opinion that there are no further factors that warrants the consideration of additional impairment losses on a collective basis.

(b) Other receivables

Other receivables that are impaired

Included in the allowance for doubtful debts of other receivables are provision for individually impaired receivables which have been fully provided for as at the end of the reporting date.

Movement in allowance accounts

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>
At 1 May	1,238	92
- (Reversal)/charge for the year (Note 28)	(134)	1,212
- Written off	(948)	-
- Exchange differences	(52)	(66)
At 30 April	<u>104</u>	<u>1,238</u>

(c) Amounts due from associated companies

Amounts due from associated companies of a foreign subsidiary are unsecured, repayable on demand and non-interest bearing except for:

- (i) an amount of RM8,703,000 (2016 : RM8,297,000) which is secured by shareholders' guarantee of the associated company and interest bearing; and
- (ii) an amount of RM68,810,000 which is interest bearing. This advance was made to a foreign property investment venture company which became an associated company of the Group during the financial year. In the previous financial year, the advance of RM62,553,000 made to this foreign property investment venture company was included in other receivables of the Group.

## 12 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	<u>Company</u>	
	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>
Amounts due from subsidiary companies	286,063	246,453
Less: Allowance for impairment	(163)	(139)
	<u>285,900</u>	<u>246,314</u>
Movement in allowance accounts:		
At beginning of year	139	124
Charge for the year (Note 28)	24	15
At end of year	<u>163</u>	<u>139</u>

Amounts due from subsidiary companies are unsecured, interest bearing and repayable on demand except for an amount of RM242,000 (2016 : RM239,000) which is non-interest bearing.

## 13 DEPOSITS WITH FINANCIAL INSTITUTIONS

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Fixed deposits with financial institutions	252,393	402,597	15,000	25,000
Cash and bank balances	134,622	130,865	3,247	886
	<u>387,015</u>	<u>533,462</u>	<u>18,247</u>	<u>25,886</u>
Fixed deposits with financial institutions comprise term deposits with:				
- Licensed banks	237,200	377,306	15,000	25,000
- Other financial institutions	15,193	25,291	-	-
	<u>252,393</u>	<u>402,597</u>	<u>15,000</u>	<u>25,000</u>

Included in the Group's deposits with financial institutions are deposits of RM2,963,000 (2016 : RM3,009,000) which are pledged to banks for facilities granted to subsidiary companies.

The weighted average effective interest rates per annum of deposits at the reporting date were as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Licensed banks	3.15%	3.34%	2.95%	3.18%
Other financial institutions	1.03%	1.08%	-	-

### 13 DEPOSITS WITH FINANCIAL INSTITUTIONS (CONT'D)

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

	Group		Company	
	2017	2016	2017	2016
Licensed banks	5 days	6 days	5 days	4 days
Other financial institutions	74 days	68 days	-	-

### 14 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2017 Units '000	2016 Units '000	2017 RM'000	2016 RM'000
<b>Authorised:</b>				
At beginning/end of the financial year *	-	20,000,000	-	2,000,000
<b>Issued and fully paid:</b>				
At beginning/end of the financial year	1,351,030	1,351,030	135,103	135,103

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

	Number of ordinary shares	
	2017	2016
	Units '000	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)	(3,058)	(3,058)
	<u>1,347,972</u>	<u>1,347,972</u>

\* The Companies Act 2016 which came into effect on 31 January 2017 has abolished the concept of Authorised Share Capital.

The holders of ordinary shares (other than treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares (other than treasury shares) rank equally with regard to the Company's residual assets.

### 15 OTHER RESERVES

	Group	
	2017 RM'000	2016 RM'000
Capital reserve (Note a)	285,306	21,327
Consolidation reserve (Note b)	(57,822)	-
	<u>227,484</u>	<u>21,327</u>

(a) The capital reserve represents non-distributable reserve transferred from post-acquisition retained earnings arising from bonus issue of shares of a subsidiary company.

## 15 OTHER RESERVES (CONT'D)

- (b) The consolidation reserve represents the excess of the consideration amount paid over the carrying amount of the non-controlling interests transferred to equity attributable to the owners of the Parent arising from the increase in the Group's ownership in an existing subsidiary company that was recognised directly in equity.

## 16 EXCHANGE RESERVE

	Group	
	2017	2016
	RM'000	RM'000
At 1 May	85,129	59,800
Currency translation differences	38,172	25,329
At 30 April	<u>123,301</u>	<u>85,129</u>

## 17 AVAILABLE-FOR-SALE ("AFS") RESERVE

	Group	
	2017	2016
	RM'000	RM'000
At 1 May	3,991	15,560
Loss on fair value changes through comprehensive income	(102)	(12,618)
Transfer to profit or loss upon disposal/derecognition	(130)	1,049
At 30 April	<u>3,759</u>	<u>3,991</u>

The AFS reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed or impaired.

## 18 RETAINED EARNINGS

The entire retained earnings of the Company, subject to the implied reduction effect of treasury shares balance, is available for distribution as single tier dividends.

## 19 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2017	2016	2017	2016
	Units '000	Units '000	RM'000	RM'000
At 1 May	3,058	6,636	10,061	24,712
Shares bought back during the year	-	5,968	-	18,251
Distributed as share dividend	-	(9,546)	-	(32,902)
At 30 April	<u>3,058</u>	<u>3,058</u>	<u>10,061</u>	<u>10,061</u>

The renewal of the Company's plan and mandate relating to the share buyback was approved by the shareholders of the Company on 10 October 2016 granting the directors of the Company the authority to buyback its own shares up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back.

20 RETIREMENT BENEFIT OBLIGATIONS

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 May	3,385	3,818
Recognised in statement of profit or loss	935	802
Recognised in statement of other comprehensive income	699	(658)
Employer's contribution	(1,961)	(722)
Exchange differences	173	145
At 30 April	<u>3,231</u>	<u>3,385</u>

The foreign subsidiary companies maintained separate funded retirement plans for its eligible employees. Actuarial valuations are made regularly to update the retirement benefit costs.

The amounts of retirement benefit obligation recognised in the consolidated statement of financial position are determined as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of retirement benefit obligation	80,711	70,183
Fair value of plan assets	(77,480)	(66,798)
Deficit over plan assets	<u>3,231</u>	<u>3,385</u>

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	70,183	71,452
Current service cost and interest cost	3,172	3,348
Actuarial loss/(gain)	12,254	(4,395)
Benefits paid by the plan	(3,777)	(2,811)
Exchange differences	(1,121)	2,589
At end of year	<u>80,711</u>	<u>70,183</u>

**20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

The movements in fair value of plan assets are presented below:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	66,798	67,634
Interest income	2,237	2,546
Return on plan assets	11,555	(3,737)
Employer's contribution	1,961	722
Benefits paid by the plan	(3,777)	(2,811)
Exchange differences	(1,294)	2,444
At end of year	<u>77,480</u>	<u>66,798</u>

The plan assets consist of the following:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed income assets	76,850	66,540
Cash in bank	628	251
Others	2	7
	<u>77,480</u>	<u>66,798</u>

The components of amounts recognised in the consolidated profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

(i) Reported in the consolidated statement of profit or loss:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Current service costs recognised in directors' remuneration and employee benefit expenses (Notes 28 and 28 (b))	763	626
Net interest costs (Note 32)	172	176
Retirement benefits recognised in profit or loss	<u>935</u>	<u>802</u>

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(ii) Reported in the consolidated statement of other comprehensive income:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Remeasurement losses arising from:		
Actuarial changes in financial assumptions	(11,986)	153
Actuarial changes in demographic assumptions	(1,361)	3,786
Return on plan assets	11,555	(3,737)
Experience adjustments arising from defined benefit obligations	1,093	456
	(699)	658
Deferred tax benefit/(expense) (Note 8)	180	(132)
Retirement benefits recognised in other comprehensive income	(519)	526
Attributable to:		
Owners of the parent *	(454)	334
Non-controlling interests	(65)	192
	(519)	526

\* Recognised in the consolidated retained earnings through other comprehensive income.

The current service and net interest costs are charged to profit or loss and presented as part of the employee benefit expenses and finance costs respectively.

The amounts recognised in other comprehensive income were included within items that would not be subsequently reclassified to profit or loss.

Presented below is the historical information related to the present value of the retirement benefit obligation, fair value of plan assets and deficit in the plan.

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Present value					
of the obligation	80,711	70,183	71,452	64,913	3,077
Fair value of the plan assets	(77,480)	(66,798)	(67,634)	(61,451)	(434)
Deficit in the plan	3,231	3,385	3,818	3,462	2,643

## 20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

For the determination of retirement benefit obligation, the following actuarial assumptions were used:

	2017	2016
Discount rate	2.7%-5.08%	3.50%-5.11%

### Sensitivity analysis for retirement benefit obligation

The management is of the view that any change in the assumptions will not have significant impact to the Group.

## 21 LONG TERM BORROWINGS

		Group	
	Maturity	2017 RM'000	2016 RM'000
<b>Secured:</b>			
Medium term notes (Note a)			
4.41% p.a. fixed rate medium term notes	June 2016	-	55,000
4.80% p.a. fixed rate medium term notes	October 2016	-	50,000
6.00% p.a. fixed rate medium term notes	June 2017	150,000	150,000
4.60% p.a. fixed rate medium term notes	June 2017	35,000	35,000
4.60% p.a. fixed rate medium term notes	June 2017	70,000	70,000
4.30% p.a. fixed rate medium term notes	June 2018	50,000	-
4.47% p.a. fixed rate medium term notes	June 2018	30,000	-
4.73% p.a. fixed rate medium term notes	June 2018	95,000	95,000
4.82% p.a. fixed rate medium term notes	June 2019	200,000	200,000
4.88% p.a. fixed rate medium term notes	July 2019	145,000	145,000
		775,000	800,000
Portion repayable within 12 months			
included under short term borrowings (Note 23)		(255,000)	(105,000)
		520,000	695,000
Total term loans (Note b)			
		64,656	8,297
Portion repayable within 12 months			
included under short term borrowings (Note 23)		(32,682)	(8,297)
		31,974	-
Total long term borrowings			
		551,974	695,000

**21 LONG TERM BORROWINGS (CONT'D)**

- (a) The medium term notes programme of up to RM800.0 million in nominal value was established by a wholly-owned subsidiary, Sports Toto Malaysia Sdn Bhd. As at 30 April 2017, total medium term notes amounting to RM775.0 million (2016 : RM800.0 million) in nominal value remain outstanding.

The medium term notes are secured by:

- (i) a third party first equitable charge over the entire issued and paid-up share capital of a subsidiary company which is the issuer as disclosed in Note 4; and
  - (ii) corporate guarantee provided by the Company as disclosed in Note 36.
- (b) The term loans obtained by foreign subsidiary companies are secured by:
- (i) properties of the Group as disclosed in Note 3;
  - (ii) corporate guarantee provided by a foreign subsidiary company of the Group; and
  - (iii) parcels of land owned by a foreign associated company of the Group.

**22 OTHER LONG TERM LIABILITY**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Hire purchase payables	928	1,283	212	335

Future minimum lease payments for hire purchase payables are summarised as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gross amount payable:				
Within one year after reporting date	850	776	267	234
More than one year but not later than two years	518	748	142	234
More than two years but not later than five years	503	647	87	120
	1,871	2,171	496	588
Less: Unexpired interests	(197)	(232)	(42)	(48)
	1,674	1,939	454	540

## 22 OTHER LONG TERM LIABILITY (CONT'D)

The present value of hire purchase payables are summarised as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Within one year after reporting date	746	656	242	205
More than one year but not later than two years	463	677	132	219
More than two years but not later than five years	465	606	80	116
	1,674	1,939	454	540
Less : amount payable within 12 months (Note 25)	(746)	(656)	(242)	(205)
Amount payable after 12 months	928	1,283	212	335

## 23 SHORT TERM BORROWINGS

	Group		
	2017 RM'000	Restated 2016 RM'000	Restated 1 May 2015 RM'000
<b>Secured:</b>			
Term loans (Note 21)	32,682	8,297	-
Revolving credit	22,223	22,681	-
Vehicle stocking loans (Note 2.4)	281,121	320,345	243,786
Medium term notes (Note 21)	255,000	105,000	200,000
	591,026	456,323	443,786

The revolving credit of the Group is secured by floating charges on the assets of a foreign subsidiary company.

The vehicle stocking loans of RM281,121,000 (2016 : RM320,345,000) obtained by foreign subsidiary companies are secured by fixed and floating charges on certain vehicle inventories held.

## 23 SHORT TERM BORROWINGS (CONT'D)

The range of interest rates per annum at the reporting date for short term borrowings was as follows:

	Group		
	2017	2016	2015
	%	%	%
<b>Secured:</b>			
Term loans	4.5 - 4.88	4.00	-
Revolving credit	2.93	3.28	-
Vehicle stocking loans	1.7 - 3.5	2.1 - 4.25	2.0 - 3.4
Medium term notes	4.30 - 6.00	4.41 - 4.80	5.50

## 24 PROVISIONS

	Group	
	2017	2016
	RM'000	RM'000
<b>Sales warranty</b>		
At 1 May	447	124
Additional provision during the year (Note 28)	1,002	539
Utilised during the year	(144)	(202)
Exchange differences	83	(14)
At 30 April	1,388	447
<b>Restoration costs</b>		
At 1 May / 30 April	971	971
Total	2,359	1,418

(a) Sales warranty

A foreign subsidiary provides 3 to 12 months (2016 : 3 to 12 months) warranties on certain products and undertakes to repairs or replacement of items that fail to perform satisfactorily. Provision for warranties is recognised for all products under warranty at the reporting date based on past experience on the level of repairs and returns.

(b) Dismantlement, removal or restoration of property, plant and equipment

Provision for dismantlement, removal or restoration is the estimated cost of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition and use of such assets, which are capitalised and included in the cost of property, plant and equipment.

25 PAYABLES

	Group			Company	
	2017 RM'000	Restated 2016 RM'000	Restated 1 May 2015 RM'000	2017 RM'000	2016 RM'000
Trade payables	141,368	150,796	124,000	-	-
Pool betting duty payables	19,757	23,681	22,725	-	-
Other payables	175,646	168,621	123,250	15	102
Accruals	238,503	249,522	221,592	707	670
Agency deposits	37,841	37,725	37,566	-	-
Hire purchase payable within 12 months (Note 22)	746	656	554	242	205
	613,861	631,001	529,687	964	977
Dividend payables	507	702	1,567	478	671
Deferred income	4,873	6,207	7,580	-	-
	619,241	637,910	538,834	1,442	1,648

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

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

The normal trade credit terms granted to the Group ranges from 1 to 183 days (2016 : 1 to 183 days).

26 AMOUNTS DUE TO SUBSIDIARY COMPANIES

	Company	
	2017 RM'000	2016 RM'000
Amounts due to subsidiary companies	875,300	847,291
Less: Amount payable within 12 months	(306,420)	(847,291)
Amount payable after 12 months	568,880	-

Amounts due to subsidiary companies are unsecured and interest bearing except for an amount of RM2,642,000 (2016 : RM2,649,000) which is non-interest bearing.

## 27 REVENUE

Revenue of the Group and the Company are analysed into significant categories as follows and the intra-group transactions are excluded:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Dividend income	-	109	216,043	281,306
Management fee income	-	-	300	300
Toto betting and leasing of lottery equipment income	3,261,228	3,313,851	-	-
Sale of motor vehicles, charges for aftersales, insurance, repair and maintenance services rendered	2,345,438	2,174,907	-	-
Sale of lottery and voting systems and spare parts	103,804	52,717	-	-
Income from supply of goods and services from hotel operations	12,655	12,856	-	-
Rental income and service charges from investment properties (Note 28)	5,878	6,164	-	-
Income from health and fitness centre operation	2,393	2,623	-	-
	<u>5,731,396</u>	<u>5,563,227</u>	<u>216,343</u>	<u>281,606</u>

28 PROFIT BEFORE OTHER INCOME AND EXPENSES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Profit before other income and expenses is stated after charging:</b>				
Auditors' remuneration				
- statutory audit:				
- auditors of the Company				
- current year	302	291	101	95
- underprovision in previous year	8	8	4	4
- other auditors (other than Ernst & Young)				
- current year	718	711	-	-
- underprovision in previous year	12	-	-	-
- other services				
- auditors of the Company	6	6	6	6
- other auditors (other than Ernst & Young)	-	27	-	-
Amortisation of customer relationships (Note 9)	459	-	-	-
Depreciation of property, plant and equipment	31,371	31,887	434	1,161
Directors' remuneration:				
- fees	1,256	2,101	191	180
- salaries and other emoluments	47,320	13,352	1,480	1,562
- defined contribution plans	7,108	2,406	214	225
- defined benefit plans (Note 20(i))	8	3	-	-
- performance incentive	6,050	7,703	-	-
- bonus	674	882	191	155
Operating lease:				
- minimum lease payments of premises	38,277	37,693	3,009	3,005
- minimum lease payments of equipment	1,538	1,547	12	14
Contribution to National Sports Council	36,944	46,126	-	-
Allowance for impairment				
- trade receivables (Note 11(a))	-	584	-	-
- other receivables (Note 11(b))	-	1,212	-	-
- amounts due from subsidiary companies (Note 12)	-	-	24	15

28 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Profit before other income and expenses is stated after charging (Cont'd):</b>				
Loss on disposal of property, plant and equipment	502	540	5	-
Realised loss on foreign exchange	275	124	-	-
Unrealised loss on foreign exchange	6,004	1,465	-	-
Provision for sales warranty (Note 24)	1,002	539	-	-
Inventories written down	4,639	-	-	-
Direct operating expenses of investment properties:				
- revenue generating during the year	2,703	2,925	-	-
- non-revenue generating during the year	183	237	-	-
Property, plant and equipment written off:				
- included in general and administrative expenses	164	101	-	2
Employee benefit expenses (Note b): (excluding directors)	239,549	225,928	4,547	4,379
<b>Profit before other income and expenses is stated after crediting</b>				
Gain on disposal of property, plant and equipment	830	294	-	-
Net reversal of allowance for doubtful debts				
- trade receivables (Note 11(a))	387	-	-	-
- other receivables (Note 11(b))	134	-	-	-
Rental income and service charges				
- included in revenue (Note 27)	5,878	6,164	-	-
- included in other income (Note 31)	1,259	1,277	-	-

The estimated monetary value of benefits-in-kind received by the directors were RM126,000 (2016 : RM122,000) for the Group and RM43,000 (2016 : RM39,000) for the Company.

28 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	Bonus RM'000	Total RM'000
<b>2017</b>					
Executive	70	83	7,829	788	8,770
Non-executive	191	43	882	52	1,168
	<u>261</u>	<u>126</u>	<u>8,711</u>	<u>840</u>	<u>9,938</u>
<b>2016</b>					
Executive	75	64	5,718	515	6,372
Non-executive	180	39	797	87	1,103
	<u>255</u>	<u>103</u>	<u>6,515</u>	<u>602</u>	<u>7,475</u>

(b) Employee benefit expenses

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages, salaries and other allowances	205,640	191,234	3,669	3,440
Social security costs and employee insurance	17,125	15,824	116	126
Bonus	7,458	9,570	286	429
Pension costs				
- defined contribution plans	8,311	8,358	462	454
- defined benefit plans (Note 20(i))	755	623	-	-
Provision for short term compensated absences	260	319	14	(70)
	<u>239,549</u>	<u>225,928</u>	<u>4,547</u>	<u>4,379</u>

**29 INVESTMENT RELATED INCOME**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Dividend income from investments	1,424	1,183	-	-
Net fair value gain on available-for-sale equity investments transferred from equity upon disposal	141	-	-	-
Fair value adjustments of investment properties (Note 7)	1,035	810	-	-
	<b>2,600</b>	<b>1,993</b>	<b>-</b>	<b>-</b>

**30 INVESTMENT RELATED EXPENSES**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Impairment in value of investment in subsidiary companies (Note 4)	-	-	678,087	1,005,450
Impairment in value of available-for-sale investments (Note 6)	375	8,061	-	-
Net fair value loss on available-for-sale equity investments transferred from equity upon disposal	-	1,757	-	-
Loss on deemed disposal of an associated company (Note 5)	8,578	-	-	-
	<b>8,953</b>	<b>9,818</b>	<b>678,087</b>	<b>1,005,450</b>

**31 OTHER INCOME**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other income comprise:				
Interest income on loans and receivables:				
- deposits with financial institutions	10,917	11,117	604	722
- advances to subsidiary companies	-	-	16,936	15,893
- others	10,839	8,477	-	-
Others:				
- operating lease income (Note 28)	1,259	1,277	-	-
- miscellaneous	6,432	11,139	-	-
	<b>29,447</b>	<b>32,010</b>	<b>17,540</b>	<b>16,615</b>

### 32 FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest on:				
- advances from a subsidiary company	-	-	39,225	39,759
- term loans	1,674	283	-	-
- medium term notes	38,027	36,399	-	-
- hire purchase	131	158	38	43
- vehicle stocking loans	9,973	9,837	-	-
- defined benefit pension scheme (Note 20 (i))	172	176	-	-
- revolving credit	613	641	-	-
Other finance charges	356	348	287	304
	<u>50,946</u>	<u>47,842</u>	<u>39,550</u>	<u>40,106</u>

### 33 TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current year tax expense:				
Malaysian income tax	94,766	122,278	-	-
Foreign tax	26,928	24,684	-	-
	<u>121,694</u>	<u>146,962</u>	<u>-</u>	<u>-</u>
Under/(over) provision in prior years:				
Malaysian income tax	1,072	1,835	-	-
Foreign tax	66	(1,630)	-	-
	<u>1,138</u>	<u>205</u>	<u>-</u>	<u>-</u>
	<u>122,832</u>	<u>147,167</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 8):				
Relating to origination and reversal of temporary differences	6,602	(18,602)	-	(73)
Over provision in prior years	-	(999)	-	(41)
	<u>6,602</u>	<u>(19,601)</u>	<u>-</u>	<u>(114)</u>
	<u>129,434</u>	<u>127,566</u>	<u>-</u>	<u>(114)</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2016 : 24%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

### 33 TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(loss) before tax	376,141	445,658	(500,721)	(766,323)
Tax at Malaysian statutory tax rate of 24% (2016 : 24%)	90,274	106,958	(120,173)	(183,918)
Different tax rates in the foreign subsidiary companies	(2,900)	(2,237)	-	-
Expenses not deductible for tax purposes	41,596	32,293	174,022	253,058
Income not subject to tax	(4,052)	(2,069)	(54,749)	(70,248)
Effect of withholding tax	38	-	-	-
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(254)	(10,165)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	3,594	3,580	900	1,035
Underprovision of tax expense in prior years	1,138	205	-	-
Over provision of deferred tax in prior years	-	(999)	-	(41)
Tax expense/(credit) for the year	129,434	127,566	-	(114)

Tax savings during the financial year arising from:

	Company	
	2017 RM'000	2016 RM'000
Utilisation of current year losses	679	531

### 34 EARNINGS PER SHARE

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	237,131	308,640
Weighted average number of shares with voting rights outstanding ('000)	1,347,972	1,348,754
Basic and diluted earnings per share (sen)	17.59	22.88

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares during the year.

### 35 DIVIDENDS PER SHARE

	<b>Company</b>			
	<b>2017</b>		<b>2016</b>	
	<b>Dividends per share</b>	<b>Amount of dividend</b>	<b>Dividends per share</b>	<b>Amount of dividend</b>
	<b>Sen</b>	<b>RM'000</b>	<b>Sen</b>	<b>RM'000</b>
<b>Recognised during the year:</b>				
Interim dividends				
<u>In respect of preceding financial year</u>				
- 4th interim - 5 sen single tier per share approved in respect of financial year ended 30 April 2016 (2016 : 5 sen single tier per share)	5.00	67,399	5.00	67,220
<u>In respect of current year</u>				
- 1st interim - 4 sen single tier per share (2016 : 2.5 sen cash dividend and 2.5 sen share dividend)	4.00	53,919	5.00	66,390 *
- 2nd interim - 4 sen single tier per share (2016 : 5 sen single tier per share)	4.00	53,919	5.00	67,452
- 3rd interim - 3 sen single tier per share (2016 : 4 sen single tier per share)	3.00	40,439	4.00	53,919
		<u>215,676</u>		<u>254,981</u>

\* This consists of cash dividend amount of RM33,488,000 and share dividend amount of RM32,902,000.

On 20 June 2017, the Company declared and approved a fourth interim single tier dividend of 3 sen per share on 1,347,972,300 ordinary shares with voting rights in respect of financial year ended 30 April 2017 amounting to RM40,439,000. 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 2018.

### 36 FINANCIAL GUARANTEE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Financial guarantee - secured</u>				
Corporate guarantee of RM800.0 million (2016 : RM800.0 million) given by the Company to the holders of medium term notes issued by a wholly-owned subsidiary company	-	-	*	*
Corporate guarantee of Php240.0 million equivalent to RM20.9 million (2016 : Php250.0 million equivalent to RM20.7 million) provided to a financial institution by a foreign subsidiary company for a facility granted to its associated company	*	*	-	-
Corporate guarantee of Php700.0 million equivalent to RM60.9 million (2016 : nil) provided to a financial institution by a foreign subsidiary company for a facility granted to its holding company, another foreign subsidiary company of the Group	*	-	-	-

\* No value is placed on the corporate guarantee provided as listed above. The directors are of the opinion that the financial guarantees are not likely to be called upon and regard the values of the credit enhancement provided by the corporate guarantees as minimal.

### 37 CAPITAL AND LEASE COMMITMENTS

#### (a) Capital commitments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital expenditures:				
- Approved and contracted for	3,886	7,056	-	135
- Approved but not contracted for	20,511	19,120	-	-
	<u>24,397</u>	<u>26,176</u>	<u>-</u>	<u>135</u>

37 CAPITAL AND LEASE COMMITMENTS (CONT'D)

(b) Non-cancellable operating lease commitments - Group and Company as lessees

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Future minimum lease payable:				
Not later than one year	41,365	35,845	2,785	2,621
Later than one year but not later than five years	97,109	89,408	313	-
Later than five years	107,639	110,578	-	-
	<u>246,113</u>	<u>235,831</u>	<u>3,098</u>	<u>2,621</u>

The Group and the Company entered into operating leases which represent lease payable for the use of premises, vehicles and plant and equipment.

The minimum lease payments recognised in profit or loss during the financial year are disclosed in Note 28.

(c) Non-cancellable operating lease commitments - Group as lessors

	Group	
	2017 RM'000	2016 RM'000
Future minimum rental receivable:		
Not later than one year	6,417	6,301
Later than one year but not later than five years	15,389	12,755
Later than five years	4,355	6,854
	<u>26,161</u>	<u>25,910</u>

The Group entered into commercial property leases on its investment properties portfolio consisting of premises and office space.

A foreign subsidiary company had entered into a lease for provision of online lottery equipment for a stipulated period. Revenue from the leasing of lottery equipment is recognised based on certain percentage of the gross receipts from the lottery ticket sales of the lottery operator subject to an annual minimum fee as prescribed in the lease agreement. The lease income is recognised as revenue during the financial year as disclosed in Note 27.

38 SIGNIFICANT RELATED PARTY DISCLOSURES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income from				
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	12,076	11,355
- Magna Mahsuri Sdn Bhd - (a)	-	-	4,344	3,511
- FEAB Properties Sdn Bhd - (a)	-	-	501	1,012
Interest expense to				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(39,225)	(39,759)
Purchases of consumables from				
- Graphic Press Group Sdn Bhd - (c)	(11,113)	(14,465)	(4)	(47)
Advances from / (advances / repayment to)				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(10,909)	7,752
- FEAB Properties Sdn Bhd - (a)	-	-	(2,009)	(1,870)
- Magna Mahsuri Sdn Bhd - (a)	-	-	(11,208)	(16,019)
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	(9,432)	(324)
Management fees for services rendered by				
- Berjaya Corporation Berhad - (b)	(720)	(720)	(720)	(720)
Security guard services charges by				
- Berjaya Guard Services Sdn Bhd - (c)	(4,168)	(3,582)	-	-
Rental charges by				
- Nada Embun Sdn Bhd - (c)	(1,862)	(1,858)	(289)	(286)
- Ambilan Imej Sdn Bhd - (c)	(2,535)	(2,535)	(2,535)	(2,535)
- Berjaya Credit Sdn Bhd - (h)	-	(449)	-	-
- Berjaya Times Square Sdn Bhd - (f)	(430)	-	-	-
- Ascot Sports Sdn Bhd - (h)	(292)	(250)	-	-
Rental income from				
- U Mobile Sdn Bhd - (d)	1,334	1,314	-	-
- Berjaya Higher Education Sdn Bhd - (c)	2,350	2,339	-	-
Share registration services rendered by				
- Berjaya Registration Services Sdn Bhd - (c)	(532)	(814)	(532)	(814)
Receipt of leasing and hire purchase facilities from				
- Prime Credit Leasing Sdn Bhd - (c)	(416)	(524)	(135)	-
Parking charges by				
- BTS Car Park Sdn Bhd - (f)	(422)	(383)	(23)	(21)
Research and development, implementation of data storage and maintenance services as well as purchase of hardware, software and network equipment from				
- Qinetics Services Sdn Bhd - (e)	(1,258)	(1,089)	(1,009)	(895)

38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Aircraft leasing charges by				
- Berjaya Air Sdn Bhd - (c)	(1,500)	(1,500)	-	-
- Berjaya Jet Charter Sdn Bhd - (c)	(5,545)	(4,022)	-	-
Supply of computerised lottery systems and related services as well as receipt of licensing fee and support fee				
- Berjaya Gia Think Investment Technology Joint Stock Company - (c)	83,048	-	-	-
- Natural Avenue Sdn Bhd - (f)	641	560	-	-
Advertising and publishing services charges by				
- Sun Media Corporation Sdn Bhd - (g)	(1,370)	(1,112)	(25)	(37)

Other significant related party transactions and balances have been disclosed in Notes 11, 12, 25, 26 and 28.

The nature of the related party relationships are as follows:

- (a) subsidiary companies;
- (b) ultimate holding company, BCorp;
- (c) related companies of BCorp Group other than subsidiary or associated companies of the Company;
- (d) a company in which a director of the Company, namely Dato' Sri Robin Tan Yeong Ching ("DSRT") has interest. A substantial shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") also has interests. TSVT is the father of DSRT and Nerine Tan Sheik Ping, directors of the Company;
- (e) a wholly owned subsidiary company of Qinetics Solutions Sdn Bhd which in turn is a subsidiary of MOL.com Sdn Bhd ("MOL"). A substantial shareholder of the Company, namely TSVT has interests in MOL;
- (f) subsidiary companies of Berjaya Assets Berhad ("BAssets"). The Company's subsidiary, related companies of BCorp Group as well as a director of the Company, namely DSRT have interests in BAssets. A substantial shareholder of the Company, namely TSVT and his brother, Tan Sri Dato' Tan Chee Sing ("TSDT"), also have interests in BAssets; TSDT is the father of a director of the Company, Dato' Dickson Tan Yong Loong;
- (g) a subsidiary company of Berjaya Media Berhad ("BMedia"). The Company's subsidiary and related companies of BCorp Group as well as a director of the Company, namely DSRT have interests in BMedia. A substantial shareholder of the Company, TSVT and his brother TSDT also have interests in BMedia;
- (h) a company where a substantial shareholder, TSVT has interests.

Certain professional fee amounting to RM6,678,000 (2016 : RM7,542,000) was incurred by a foreign subsidiary company for management and consultancy services contracted with a corporate entity, of which the Chief Executive Officer of the foreign subsidiary company has an interest.

### 38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

The compensation (including benefits-in-kind) of the key management personnel of the Group are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Short-term benefits	55,426	24,160
Post-employment benefits	7,116	2,409
	<u>62,542</u>	<u>26,569</u>

### 39 FAIR VALUE MEASUREMENT

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1            Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2            Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3            Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(a) Group's assets that are measured at fair value

- (i) The table below analyses the Group's assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

		<b>GROUP</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>At 30 April 2017</u></b>					
<b>Non-financial assets</b>					
Investment properties	7	-	45,579	67,356	112,935
<b><u>At 30 April 2016</u></b>					
<b>Non-financial assets</b>					
Investment properties	7	-	32,520	67,056	99,576

**39 FAIR VALUE MEASUREMENT (CONT'D)**

(a) Group's assets that are measured at fair value (Cont'd)

(ii) Description of valuation techniques used and key inputs to valuation on investment properties:

Comparison method

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Investment properties valued under the comparison method, with insignificant adjustments factors, are categorised as Level 2 in the fair value hierarchy.

An investment property which was included in the Level 3 category in the fair value hierarchy is valued using the comparison method with significant adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors"). The significant unobservable inputs for this investment property, which are the adjustment factors, range between 2% and 63% (2016 : -35% and 88%) of the respective comparative prices.

Sensitivity analysis

A significant increase or decrease in each of the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the investment property.

(iii) Fair value reconciliation of investment properties measured at Level 3:

The carrying amount of investment properties categorised under Level 3 in the fair value hierarchy are as follows:

	<u>Group</u>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the year	67,056	67,056
Fair value adjustment	300	-
At end of the year	<u>67,356</u>	<u>67,056</u>

### 39 FAIR VALUE MEASUREMENT (CONT'D)

(b) Financial instruments that are measured at fair value

As at the reporting date, the Group held the following financial instruments carried at fair values in the statements of financial position:

		GROUP			
	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b><u>At 30 April 2017</u></b>					
<b>Financial assets</b>					
Long term investments	6	80,963	14,019	-	94,982
<b><u>At 30 April 2016</u></b>					
<b>Financial assets</b>					
Long term investments	6	81,564	4,639	-	86,203

There has been no transfer between Level 1 and Level 2 for the Group during the year.

### 40 FINANCIAL INSTRUMENTS

(a) **Classification of Financial Instruments**

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

GROUP		Available- for-sale financial assets RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<u>2017</u>	Note				
<b>Assets</b>					
Long term investments	6	94,982	-	-	94,982
Trade and other receivables	11	-	455,390	-	455,390
Deposits with financial institutions	13	-	252,393	-	252,393
Cash and bank balances	13	-	134,622	-	134,622
Total financial assets		94,982	842,405	-	937,387
Total non-financial assets					1,667,065
Total assets					2,604,452

40 FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of Financial Instruments (Cont'd)

GROUP (Cont'd)

	Note	Available- for-sale financial assets RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>2017</b>					
<b>Liabilities</b>					
Trade and other payables	25	-	-	613,861	613,861
Other long term liability	22	-	-	928	928
Long term borrowings	21	-	-	551,974	551,974
Short term borrowings	23	-	-	591,026	591,026
Total financial liabilities		-	-	1,757,789	1,757,789
Total non-financial liabilities					34,411
Total liabilities					1,792,200
<b>2016</b>					
<b>Assets (Restated)</b>					
Long term investments	6	86,203	-	-	86,203
Trade and other receivables	11	-	327,596	-	327,596
Deposits with financial institutions	13	-	402,597	-	402,597
Cash and bank balances	13	-	130,865	-	130,865
Total financial assets		86,203	861,058	-	947,261
Total non-financial assets					1,708,849
Total assets					2,656,110
<b>Liabilities (Restated)</b>					
Trade and other payables	25	-	-	631,001	631,001
Other long term liability	22	-	-	1,283	1,283
Long term borrowings	21	-	-	695,000	695,000
Short term borrowings	23	-	-	456,323	456,323
Total financial liabilities		-	-	1,783,607	1,783,607
Total non-financial liabilities					31,646
Total liabilities					1,815,253

40 FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of Financial Instruments (Cont'd)

COMPANY

	Note	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>2017</b>				
<b>Assets</b>				
Other receivables	11	2,052	-	2,052
Amounts due from subsidiary companies	12	285,900	-	285,900
Deposits with financial institutions	13	15,000	-	15,000
Cash and bank balances	13	3,247	-	3,247
Total financial assets		306,199	-	306,199
Total non-financial assets				4,555,404
Total assets				4,861,603
<b>Liabilities</b>				
Other payables	25	-	964	964
Amounts due to subsidiary companies	26	-	875,300	875,300
Other long term liability	22	-	212	212
Total financial liabilities		-	876,476	876,476
Total non-financial liabilities				478
Total liabilities				876,954
<b>2016</b>				
<b>Assets</b>				
Other receivables	11	746	-	746
Amounts due from subsidiary companies	12	246,314	-	246,314
Deposits with financial institutions	13	25,000	-	25,000
Cash and bank balances	13	886	-	886
Total financial assets		272,946	-	272,946
Total non-financial assets				5,277,374
Total assets				5,550,320
<b>Liabilities</b>				
Other payables	25	-	977	977
Amounts due to subsidiary companies	26	-	847,291	847,291
Other long term liability	22	-	335	335
Total financial liabilities		-	848,603	848,603
Total non-financial liabilities				671
Total liabilities				849,274

#### 40 FINANCIAL INSTRUMENTS (CONT'D)

**(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value are as follows:

	<u>Note</u>	
Trade and other receivables	11	*
Deposits with financial institutions	13	*
Cash and bank balances	13	*
Trade and other payables	25	*
Amounts due from/(to) subsidiary companies	12 and 26	#
Long term borrowings	21	^
Hire purchase payables	22	^
Short term borrowings	23	*

\* The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values as they are either within the normal credit terms or they have short maturity period.

^ The fair values of medium term notes, term loans and hire purchase payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending at the reporting dates. The carrying amounts of borrowings and hire purchase payables are reasonable approximation of fair values due to the insignificant impact of discounting.

# The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are repayable on demand.

#### 41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

**(a) Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables as well as amount due from subsidiary companies. For other financial assets (including investment securities, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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

**41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**(a) Credit Risk (Cont'd)**

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Other than those disclosed in Note 11 and above, the Group and the Company do 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.

Information regarding trade and other receivables that are neither past due nor impaired and receivables that are impaired as well as the ageing analysis of trade receivables are disclosed in Note 11.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

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

Analysis of undiscounted financial instruments by remaining contractual maturities

	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>2017</b>				
<b>Financial liabilities:</b>				
<b>Group</b>				
Trade and other payables	613,115	-	-	613,115
Borrowings	632,446	579,122	2,868	1,214,436
Hire purchase payables	850	1,021	-	1,871
	<u>1,246,411</u>	<u>580,143</u>	<u>2,868</u>	<u>1,829,422</u>

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Analysis of undiscounted financial instruments by remaining contractual maturities (cont'd)

<u>2017 (Cont'd)</u>	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Financial liabilities (cont'd):</b>				
<b>Company</b>				
Other payables	722	-	-	722
Amounts due to subsidiary companies	343,373	593,044	-	936,417
Hire purchase payables	267	229	-	496
	<u>344,362</u>	<u>593,273</u>	<u>-</u>	<u>937,635</u>
<b>2016</b>				
<b>Financial liabilities:</b>				
<b>Group (Restated)</b>				
Trade and other payables	630,345	-	-	630,345
Borrowings	482,200	773,042	-	1,255,242
Hire purchase payables	776	1,395	-	2,171
	<u>1,113,321</u>	<u>774,437</u>	<u>-</u>	<u>1,887,758</u>
<b>Company</b>				
Other payables	772	-	-	772
Amounts due to subsidiary companies	847,291	-	-	847,291
Hire purchase payables	234	354	-	588
	<u>848,297</u>	<u>354</u>	<u>-</u>	<u>848,651</u>

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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

The interest bearing assets are made up of deposits with licensed financial institutions and amounts due from subsidiary companies. 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 manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio to mitigate the impact of interest risk. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculation purposes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Fixed rate instruments</u>				
Financial assets	444,486	556,510	15,000	25,000
Financial liabilities	776,674	801,939	582,601	651,671
<u>Floating rate instruments</u>				
Financial assets	-	-	285,643	246,059
Financial liabilities	368,000	351,323	290,510	193,511

#### 41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

##### (c) Market Risk (Cont'd)

###### (i) Interest Rate Risk (cont'd)

###### Fair value sensitivity analysis for fixed rate instruments

The Group does not measure any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

###### Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit before tax of the Group and the Company to be lower/higher by RM920,000 (2016 : RM879,000) and RM12,000 (2016 : RM131,000) respectively, assuming that all other variables remain constant.

###### (ii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group predominantly operates in Malaysia even though it has a few 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. The Group has minimal currency transaction exposures. Such exposure mainly arises from intra-group sales and purchases which are eliminated at group level as well as cash and cash equivalents and certain receivables which are denominated in foreign currency.

###### Sensitivity analysis for currency risk

The Group's exposure to sensitivity of currency risk is insignificant as the transactional currencies are mostly in the functional currencies of the respective operating entities.

###### (iii) Equity Price Risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted instruments in Malaysia are listed on Bursa Malaysia Securities Berhad and London Stock Exchange and are classified as available-for-sale financial assets.

The Group manages its equity price risk arising from investment in quoted equity instruments by diversifying and managing its portfolio in accordance with limits set by the Group.

###### Sensitivity analysis for equity price risk

At the reporting date, if the various stock indices had been 1% higher/lower, the Group's available-for-sale reserve would have been RM883,000 (2016 : RM862,000) higher/lower arising as a result of increase/decrease in the fair value of instruments designated as available-for-sale, with all other variables held constant.

## 42 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 April 2017 and 2016.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. The Group and the Company include within debt, borrowings and hire purchase payables. The gearing ratios as at 30 April 2017 and 2016 are as follows:

	Note	Group		Company	
		2017	Restated 2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Long term borrowings	21	551,974	695,000	-	-
Short term borrowings	23	591,026	456,323	-	-
Hire purchase payables	22	1,674	1,939	454	540
Total debt		1,144,674	1,153,262	454	540
Total equity		812,252	840,857	3,984,649	4,701,046
<b>Gearing ratio</b>		<b>1.41</b>	<b>1.37</b>	- *	- *

\* The amount is negligible as the Company does not have borrowings other than hire purchase payables.

43 SEGMENT INFORMATION

(a) Business Segments:

30 April 2017

	Toto betting and leasing of lottery equipment RM'000	Motor vehicle dealership RM'000	Others * RM'000	Inter- segment RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	3,261,228	2,345,438	124,730	-	5,731,396
Inter-segment sales	-	3,152	8,443	(11,595)	-
					<u>5,731,396</u>
<b>Results</b>					
Segment results	401,732	25,018	(7,145)	(4,249)	415,356
Unallocated					
corporate expenses					<u>(16,926)</u>
Profit before other					
income and expenses					398,430
Investment related income					2,600
Investment					
related expenses					(8,953)
Other income					29,447
Finance costs					(50,946)
Share of results of					
associated companies					<u>5,563</u>
Profit before tax					376,141
Taxation					<u>(129,434)</u>
Profit for the year					246,707
Non-controlling interests					<u>(9,576)</u>
Profit attributable to					
owners of the Parent					<u>237,131</u>
<b>Assets</b>					
Segment assets	1,892,142	851,115	590,407	(878,024)	2,455,640
Investment in					
equity method of					
associated companies					66,596
Unallocated					
corporate assets					<u>82,216</u>
Consolidated total assets					<u>2,604,452</u>

43 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd):

30 April 2017 (Cont'd)

	Toto betting and leasing of lottery equipment RM'000	Motor vehicle dealership RM'000	Others * RM'000	Inter- segment RM'000	Consolidated RM'000
<b>Liabilities</b>					
Segment liabilities	357,064	266,546	316,972	(316,459)	624,123
Unallocated corporate liabilities					1,168,077
Consolidated total liabilities					<u>1,792,200</u>
<b>Other information</b>					
Capital expenditure	15,832	12,779	2,661	(1,437)	29,835
- Unallocated corporate expenses					187
					30,022
Depreciation and amortisation	14,365	16,880	4,590	(4,439)	31,396
- Unallocated corporate expenses					434
					31,830
Property, plant and equipment write-off	164	-	-	-	164
- Unallocated corporate expenses					-
					164
Impairment loss	28	-	347	-	375
- Unallocated corporate expenses					-
					375
<b>Other non-cash expenses</b>	<u>434</u>	<u>5,089</u>	<u>7,057</u>	<u>-</u>	<u>12,580</u>

43 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd):

30 April 2016 (Restated)

	Toto betting and leasing of lottery equipment RM'000	Motor vehicle dealership RM'000	Others * RM'000	Inter- segment RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	3,313,851	2,174,907	74,469	-	5,563,227
Inter-segment sales	-	-	5,351	(5,351)	-
					<u>5,563,227</u>
<b>Results</b>					
Segment results	483,044	15,235	(13,761)	(1,025)	483,493
Unallocated corporate expenses					<u>(18,958)</u>
Profit before other income and expenses					464,535
Investment related income					1,993
Investment related expenses					(9,818)
Other income					32,010
Finance costs					(47,842)
Share of results of associated companies					<u>4,780</u>
Profit before tax					445,658
Taxation					<u>(127,566)</u>
Profit for the year					318,092
Non-controlling interests					<u>(9,452)</u>
Profit attributable to owners of the Parent					<u>308,640</u>
<b>Assets</b>					
Segment assets	2,009,768	876,592	497,356	(848,270)	2,535,446
Investment in equity method of associated companies					44,231
Unallocated corporate assets					<u>76,433</u>
Consolidated total assets					<u>2,656,110</u>

43 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd):

30 April 2016 (Restated) (Cont'd)

	Toto betting and leasing of lottery equipment RM'000	Motor vehicle dealership RM'000	Others * RM'000	Inter- segment RM'000	Consolidated RM'000
<b>Liabilities</b>					
Segment liabilities	425,454	287,163	261,969	(332,558)	642,028
Unallocated corporate liabilities					1,173,225
Consolidated total liabilities					<u>1,815,253</u>
<b>Other information</b>					
Capital expenditure	11,698	64,066	1,182	-	76,946
- Unallocated corporate expenses					48
					76,994
Depreciation and amortisation	17,941	14,256	4,863	(6,334)	30,726
- Unallocated corporate expenses					1,161
					31,887
Property, plant and equipment write-off	91	-	8	-	99
- Unallocated corporate expenses					2
					101
Impairment loss	-	-	8,061	-	8,061
- Unallocated corporate expenses					-
					8,061
<b>Other non-cash expenses</b>	<u>386</u>	<u>939</u>	<u>3,736</u>	<u>-</u>	<u>5,061</u>

43 SEGMENT INFORMATION (CONT'D)

(b) Geographical Segments:

Total Revenue From External Customers

	Group	
	2017 RM'000	2016 RM'000
Malaysia	3,129,570	3,184,614
Others	2,601,826	2,378,613
	<u>5,731,396</u>	<u>5,563,227</u>

Segment Assets

	Group	
	2017 RM'000	Restated 2016 RM'000
Malaysia	1,039,266	1,143,175
Others	1,482,970	1,436,502
Unallocated corporate assets	82,216	76,433
	<u>2,604,452</u>	<u>2,656,110</u>

Capital Expenditure

	Group	
	2017 RM'000	2016 RM'000
Malaysia	12,127	11,374
Others	17,708	65,572
Unallocated corporate expenses	187	48
	<u>30,022</u>	<u>76,994</u>

Segment information is presented in respect of the Group's business segments.

The geographical segmental information is prepared based on the location of assets. The segment revenue by geographical location of customers does not differ materially from the segment revenue by geographical location of assets.

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 expenses mainly include unrealised loss on foreign exchange, inventories written down, provision for sales warranty, provision for retirement benefit obligations and allowance for doubtful debts.

Inter-segment transactions/items are eliminated on consolidation.

#### 43 SEGMENT INFORMATION (CONT'D)

Capital expenditure consists of additions of property, plant and equipment only.

- \* Other business segments include property investment and development and investment holding, manufacture and distribution of computerised lottery and voting systems, operation of hotel as well as operation of health and fitness centre, none of which are of a sufficient size to be reported separately.

#### 44 ARBITRATION PROCEEDINGS

Philippine Gaming Management Corporation ("PGMC"), an indirect subsidiary of the Group, commenced arbitration proceedings against Philippine Charity Sweepstakes Office ("PCSO") at the International Chamber of Commerce, International Court of Arbitration, pursuant to an interim settlement agreement between PGMC and PCSO whereby parties agreed to resort to arbitration in order to settle issues regarding PGMC's exclusivity as an online lottery lessor of PCSO in Luzon, Philippines. On 13 August 2015, PGMC and PCSO entered into a supplemental and status quo agreement to maintain the status quo existing as provided for in an interim settlement agreement for a period of three (3) years from 22 August 2015 until 21 August 2018, pending the resolution of the issue on the exclusivity rights through arbitration proceedings. At the reporting date, the arbitration proceedings is still on-going. The Group is of the view that PGMC is legally entitled to specific performance and the ELA will continue to be extended an additional three (3) years under the law of Philippines, in relation to the aforesaid arbitration, which would result in an additional three (3) years of rights to operate.

#### 45 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 9 December 2016, Berjaya Philippines Inc. ("BPI"), an indirect subsidiary of the Company listed on the Philippine Stock Exchange ("PSE") released an announcement to PSE that it had on 8 December 2016 executed a Share Sale Agreement to purchase from Bentley Motors Limited 6,589,934 shares of H.R. Owen Plc ("H.R. Owen"), an existing subsidiary company of BPI for a total consideration of GBP14.8 million (equivalent to RM85.3 million), or GBP2.25 per share ("Share Purchase"). The Share Purchase was completed during the financial year and BPI's equity interests in H.R. Owen had increased from 72.03% to 98.38%.

**46 SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR**

On 15 June 2017, the Company announced that its wholly-owned subsidiary company, Sports Toto Malaysia Sdn Bhd ("STMSB") had on even date lodged with the Securities Commission Malaysia its proposal to establish a Medium Term Notes Programme of up to RM800.0 million in nominal value ("MTN Programme"). The MTN Programme shall have a tenure of up to fifteen (15) years and the first issuance under the MTN Programme will be made within sixty (60) business days from the lodgement date. The MTN Programme has been accorded a preliminary rating of AA-/Stable by Malaysian Rating Corporation Berhad. CIMB Investment Bank Berhad ("CIMB") and Maybank Investment Bank Berhad ("MIBB") have been appointed as the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers for the MTN Programme.

Subsequently, STMSB entered into agreements with the following parties pursuant to its MTN Programme of up to RM800.0 million in nominal value as follows:

- (a) a Trust Deed dated 20 June 2017 with Maybank Trustees Berhad (as Trustee) constituting the Medium Term Notes;
- (b) a subscription agreement dated 23 June 2017 with CIMB and MIBB (as Joint Lead Managers), MIBB (as Facility Agent) and CIMB Bank Berhad (as Investor) for the subscription of RM225.0 million pursuant to the MTN Programme; and
- (c) a subscription agreement dated 19 July 2017 with MIBB (as Lead Manager, Facility Agent and Investor) for the subscription of RM55.0 million pursuant to the MTN Programme.

**47 SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED**

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised earnings, is as follows:

	<b>Group</b> <b>RM'000</b>	<b>Company</b> <b>RM'000</b>
<b><u>As at 30 April 2017</u></b>		
Total retained earnings		
- Realised	525,082	544,584
- Unrealised	71,274	3,315,023
	<u>596,356</u>	<u>3,859,607</u>
Share of results of associated companies	9,507	-
	<u>605,863</u>	<u>3,859,607</u>
Less: Consolidation adjustments	(317,429)	-
Total retained earnings as per financial statements	<u><u>288,434</u></u>	<u><u>3,859,607</u></u>
<b><u>As at 30 April 2016</u></b>		
Total retained earnings		
- Realised	762,916	585,281
- Unrealised	49,850	3,990,723
	<u>812,766</u>	<u>4,576,004</u>
Share of results of associated companies	3,944	-
	<u>816,710</u>	<u>4,576,004</u>
Less: Consolidation adjustments	(285,298)	-
Total retained earnings as per financial statements	<u><u>531,412</u></u>	<u><u>4,576,004</u></u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

# INDEPENDENT AUDITORS' REPORT

## to the members of Berjaya Sports Toto Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Berjaya Sports Toto Berhad (the Company) and its subsidiaries (the Group), which comprise the statements of financial position as at 30 April 2017 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 186.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2017 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Toto betting revenue and related cost of sales

(Refer to summary of significant accounting policies in Note 2.2 (v), and the disclosure of revenue in Note 27 to the financial statements)

The Group is involved in the toto betting operations where revenue is derived from a large volume of individually insignificant transactions. The Group relies heavily on its information technology system to account for such revenue. During the year the Group recognised revenue of approximately RM3.12 billion from toto betting operations, which accounts for 54.4% of the Group's revenue. The related cost of sales from toto betting operations was RM2.49 billion, which accounts for 53.9% of the Group's cost of sales.

The amounts recognised for revenue and cost of sales from toto betting operations is a key audit matter because the amounts recognised are significant to the financial statements, and they involve large volume of transactions which are processed by the Group's information technology system. The accounting policies relating to revenue and cost of sales from toto betting operations is provided in Note 2.2 (v).

Our procedures to address this area of focus included, amongst others, the following:

- (a) obtained an understanding of the relevant internal controls over the process of recording of revenue and cost of sales;
- (b) evaluated the operating effectiveness of automated controls over revenue and cost of sales processes by involving our internal experts in testing the operating effectiveness of the automated controls over revenue and cost of sales processes. We also tested the accuracy of interface between the sales terminal system and the betting operating system, and related calculation of prize payment in the financial information system;
- (c) evaluated the effectiveness of the non-automated controls in place to ensure accuracy of revenue and cost of sales recognised, including the timely posting of revenue and cost of sales to the general ledger in the financial information system;
- (d) evaluated transactions recorded close to the year end, including draw sales after year end, to establish whether those transactions were recorded in the correct accounting period;
- (e) performed reconciliation of cash receipts to revenue recorded in the financial statements; and
- (f) reviewed and assessed the adequacy of the Group's disclosure relating to revenue and cost of sales.

# INDEPENDENT AUDITORS' REPORT

## to the members of Berjaya Sports Toto Berhad

### Impairment of intangible assets

(Refer to summary of significant accounting policies in Note 2.2 (c), significant accounting estimates and judgement in Note 2.6 (b)(i), and disclosure of intangible assets in Note 9 to the financial statements)

Goodwill and dealership rights with an indefinite useful life, amounting to RM727.9 million and RM57.5 million, formed 59.7% and 30.2% of non-current assets and total assets of the Group respectively as at 30 April 2017. Of these amounts, goodwill of RM638.1 million has been allocated to the gaming segment in Malaysia and the Philippines, whilst goodwill and dealership rights of RM134.6 million have been allocated to the car dealership operations in the United Kingdom.

The goodwill and indefinite life dealership rights are subject to an annual impairment test. The Group estimates the recoverable amount of the respective cash generating unit ("CGU") based on their respective value-in-use ("VIU"). Estimating the VIU of the CGU involves estimates made by management relating to the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate.

The cash flow forecasts, contain a number of significant judgements and estimates including:

- (a) in respect of the gaming operations, the revenue growth rate, payout ratio, discount rate and terminal growth rate applicable to the respective countries; and
- (b) in respect of the car dealership operations, the forecasted sales volume and pricing, inflationary effects on cost of purchase of motor vehicles, discount rate and terminal growth rate.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex involving significant management's judgements about future market and economic conditions and changes in these assumptions may lead to significant change in the recoverable amount of the respective CGU. The accounting policies for goodwill and dealership rights are disclosed in Note 2.2 (c).

Our procedures to address this area of focus included, amongst others, the following:

- (a) involved our internal valuation experts in reviewing the impairment assessment performed by management on the respective CGU;
- (b) obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- (c) evaluated the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;

Impairment of intangible assets (Cont'd)

- (d) checked the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy;
- (e) evaluated whether key assumptions which comprise the revenue growth rate and payout ratio for the gaming operations, and the forecasted sales volume, pricing and inflationary effects on the cost of purchase of motor vehicles for the car dealership operations, as well as terminal growth rates, are reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth in the respective countries in which the CGU operates;
- (f) assessed whether the rate used in discounting the future cash flows to its present value was appropriate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked either against risk rates in specific international markets in which the Group operates or equivalent data for peer companies; and
- (g) analysed the sensitivity of the key assumptions by assessing the impact of changes in the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on key assumptions and sensitivities are included in Note 9.

Inventories valuations

(Refer to summary of significant accounting policies in Note 2.2 (g), and disclosure of intangible assets in Note 10 to the financial statements)

Included in inventories of the Group are inventories amounting to RM338.2 million held by the Group's car dealership segment in the United Kingdom ("UK"), which represent 26.2% and 13.0% of current assets and total assets of the Group respectively. These inventories include new and used cars, and cars used for demonstration purposes, which are stated at the lower of cost and net realisable value ("NRV").

We consider this to be an area of focus for our audit as the amounts involved are significant, the estimation process to determine NRV is complex and involved significant management judgements about the market for new and used cars in the UK. The accounting policies for inventories is disclosed in Note 2.2 (g).

# INDEPENDENT AUDITORS' REPORT

## to the members of Berjaya Sports Toto Berhad

### Inventories valuations (Cont'd)

Our procedures to address this area of focus included, amongst others, the following:

- (a) held discussions with the component auditors regarding the scope, nature and timing of their work to address this area of focus; and
- (b) reviewed the audit procedures carried out by the component auditors and evaluated the adequacy of their work to address this area of concern. The procedures performed by the component auditors include:
  - obtained an understanding of the internal controls performed by management in estimating the NRV of these inventories;
  - considered the accuracy of the costing of the cars, their ageing and management's assessment about market demand;
  - in addressing the risk of overstatement of inventories, information from trade guides and other trade publications are used to estimate the NRV and assessed the headroom between cost and the estimated NRV.
- (c) reviewed and assessed the adequacy of the Group's disclosures relating to inventories.

### **Information other than the financial statements and auditors' report thereon**

The directors of the Company are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

**Responsibilities of directors for the financial statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

# INDEPENDENT AUDITORS' REPORT

## to the members of Berjaya Sports Toto Berhad

### Auditors' responsibilities for the audit of the financial statements (Cont'd)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other reporting responsibilities**

The supplementary information set out in Note 47 on page 187 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young**

AF:0039

Chartered Accountants

Kuala Lumpur, Malaysia

31 July 2017

**Low Khung Leong**

02697/01/2019 J

Chartered Accountant

# LIST OF MAJOR PROPERTIES

For the Year Ended 30 April 2017

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Fair Value RM'000	Net Book Value RM'000
Lot 174 TS 18 North East District, Penang (74, 76 & 78 Rope Walk, Penang)	Freehold	30.08.1990	77 yrs	4,826 sq. ft.	3 units of 2-storey shophouse for rental	3,800	N/A
Berjaya Times Square 11th Floor No. 1, Jalan Imbi 55100 Kuala Lumpur	Freehold	06.01.1998	14 yrs	104,844 sq. ft.	One floor of office space of an integrated commercial development for rental	65,556	N/A
24, Jalan SS2/66, 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	14.01.1995	45 yrs	5,040 sq. ft.	1 unit of 3-storey shophouse for rental	4,200	N/A
No. 25, Jalan 11/48A, Sentul Raya Boulevard Off Jalan Sentul, Sentul 51000 Kuala Lumpur	Freehold	16.08.2010	21 yrs	10,080 sq. ft.	1 unit of 6-storey shopoffice for rental	5,500	N/A
F130, 1st Floor, Sungei Wang Plaza, Jalan Bukit Bintang, 55100 Kuala Lumpur	Freehold	24.08.2011	40 yrs	645.83 sq. ft.	1 unit of retail shophouse for rental	7,100	N/A
7835 Makati Avenue corner Eduque Street Makati City, Philippines 1209	Freehold	4.12.2009	16 yrs	586 sq. m.	Hotel - 223 guest rooms	N/A	54,143
No. 26, Jalan 14/48A, Sentul Raya Boulevard Off Jalan Sentul, Sentul 51000 Kuala Lumpur	Freehold	10.05.2012	21 yrs	8,250 sq. ft.	1 unit of 5-storey shopoffice for rental	4,200	N/A
The Ranges, Shepperton, Surrey, United Kingdom	Freehold	05.03.2015	-	69 acres	Vacant land	N/A	7,267
1053 Great West Road, Brentford, Middlesex, TW8 9AT, United Kingdom	Freehold	27.11.2015	34 yrs	1,685 sq. m	4-storey office block fronting a single storey warehouse at the rear	N/A	20,112
22A Upbrook Mews, Bayswater London W2 3HG, United Kingdom	Freehold	22.09.2016	137 yrs	1,422 sq. ft.	4-storey mid terraced mews style house - vacant	12,324	N/A

N/A denotes Not Applicable

## MATERIAL CONTRACTS

Other than as disclosed in Notes 11, 25, 27, 28, 37 and 38 of the financial statements for the financial year ended 30 April 2017, 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, or a firm affiliated to the auditors' firm, for the financial year ended 30 April 2017 amounted to RM39,000 (2016 : RM39,000).

# RECURRENT RELATED PARTY TRANSACTIONS

## of a Revenue or Trading Nature for the Financial Year Ended 30 April 2017

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

Related parties	Nature of transactions	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 for services rendered that include, inter-alia, the provision of finance, secretarial, internal audit and general administrative services	Berjaya Sports Toto Berhad	720
Berjaya Registration Services Sdn Bhd	Receipt of share registration services	Berjaya Sports Toto Berhad	532
Berjaya Higher Education Sdn Bhd	Rental income for renting of premises at part of Level 11, Berjaya Times Square	Magna Mahsuri Sdn Bhd	(2,331)
	Rental income for renting of apartment at Apartment Block, Plaza Berjaya	FEAB Properties Sdn Bhd	(19)
Inter-Pacific Trading Sdn Bhd	Purchase of stationery products	Berjaya Sports Toto Berhad Group	114
Berjaya Education Sdn Bhd	Receipt of education and staff training services	Berjaya Sports Toto Berhad Group	148
Graphic Press Group Sdn Bhd	Procurement of Toto betting slips and other printing services	Berjaya Sports Toto Berhad Group	11,113
Prime Credit Leasing Sdn Bhd	Receipt of leasing and hire purchase facilities	Berjaya Sports Toto Berhad Group	416
Kimia Suchi Marketing Sdn Bhd	Purchase of cleaning chemical products and toiletries	Sports Toto Fitness Sdn Bhd	11
Ambilan Imej Sdn Bhd	Rental for renting of office premises at part of Level 12, Berjaya Times Square	Berjaya Sports Toto Berhad	2,535
Stephens Properties Sdn Bhd	Rental for renting of storage space at Wisma Cosway	Berjaya Sports Toto Berhad	5
E.V.A Management Sdn Bhd	Receipt of human resources management services and other related services	Berjaya Sports Toto Berhad Group	83
Berjaya Gia Thinh Investment Technology Joint Stock Company	Supply of computerised lottery systems and related services as well as receipt of licensing fee and support fee	International Lottery & Totalizator Systems, Inc.	(83,048)
<b>Berjaya Land Berhad and/or its unlisted subsidiary companies</b>			
Berjaya Langkawi Beach Resort Sdn Bhd	Rental for renting of villa at Berjaya Langkawi Resort	Berjaya Sports Toto Berhad	180
	Rental income for renting of restaurant at Pulau Langkawi	FEAB Properties Sdn Bhd	(115)
Berjaya Guard Services Sdn Bhd	Receipt of security guard services	Berjaya Sports Toto Berhad Group	4,168

## RECURRENT RELATED PARTY TRANSACTIONS of a Revenue or Trading Nature for the Financial Year Ended 30 April 2017

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
<b>Berjaya Land Berhad and/or its unlisted subsidiary companies (Cont'd)</b>			
Nada Embun Sdn Bhd	Rental for renting of office premises at part of Level 13, Berjaya Times Square	Berjaya Sports Toto Berhad Sports Toto Malaysia Sdn Bhd	1,862
Berjaya Air Sdn Bhd	Dry lease charges for aircraft leasing facilities	Sports Toto Malaysia Sdn Bhd	1,500
Berjaya Jet Charter Sdn Bhd	Charter fees for aircraft leasing facilities	Berjaya Sports Toto Berhad Group	5,545
Nural Enterprise Sdn Bhd	Rental for renting of apartments at Podium Block, Plaza Berjaya	Sports Toto Malaysia Sdn Bhd	38
<b>Berjaya Assets Berhad and/or its unlisted subsidiary companies</b>			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems support services as well as receipt of licensing fee	International Lottery & Totalizator Systems, Inc.	(641)
BTS Car Park Sdn Bhd	Parking charges for leasing of parking bays	Berjaya Sports Toto Berhad Group	422
Berjaya Times Square Sdn Bhd	Rental for renting of shoplot at part of Level 6, Berjaya Times Square	Sports Toto Fitness Sdn Bhd	430
<b>Berjaya Media Berhad and/or its unlisted subsidiary company</b>			
Sun Media Corporation Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad Group	1,370
<b>Bermaz Auto Berhad and/or its unlisted subsidiary company</b>			
Bermaz Motor Trading Sdn Bhd <sup>(1)</sup>	Purchase of motor vehicles, component parts and other related products and services	Berjaya Sports Toto Berhad Group	114
<b>Other related parties</b>			
Roda Indah Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Berjaya Sports Toto Berhad Group	36
U Mobile Sdn Bhd	Rental income for renting of office premises at part of Level 11, Berjaya Times Square	Magna Mahsuri Sdn Bhd	(1,334)
Qinetics Services Sdn Bhd	Purchase of hardware, software, networking equipment, procurement of information technology consultancy, website and software development, maintenance and management services	Berjaya Sports Toto Berhad Group	1,258
Ascot Sports Sdn Bhd	Rental for renting of office premises at part of Level 10, Berjaya Times Square	Sports Toto Malaysia Sdn Bhd Sports Toto Computer Sdn Bhd	292

Note:

<sup>(1)</sup> Bermaz Auto Berhad had on 31 January 2017 ceased as a related party of Berjaya Sports Toto Berhad.

# STATEMENT OF DIRECTORS' SHAREHOLDINGS

as at 14 July 2017

## THE COMPANY

	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Cheah Tek Kuang	-	-	40,278	0.00
Dato' Sri Robin Tan Yeong Ching	1,007,142	0.07	-	-
Seow Swee Pin	92,749	0.01	7,900*	0.00
Chan Kien Sing	3,610	0.00	-	-
Freddie Pang Hock Cheng	410,850	0.03	170,729*	0.01
Dato' Dickson Tan Yong Loong	13,294	0.00	-	-
Datuk Robert Yong Kuen Loke	123,667	0.01	-	-

## HOLDING COMPANY BERJAYA LAND BERHAD

	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	600,000	0.01	56,600,000	1.13
Nerine Tan Sheik Ping	2,000,000	0.04	-	-
Freddie Pang Hock Cheng	160,000	0.00	4,000*	0.00
Datuk Robert Yong Kuen Loke	360,808	0.01	-	-

## ULTIMATE HOLDING COMPANY BERJAYA CORPORATION BERHAD

	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,289,532	0.05	645,107,122 5,150*	13.23 0.00
Chan Kien Sing	49,118	0.00	-	-
Freddie Pang Hock Cheng	223,909	0.01	147,599*	0.00
Datuk Robert Yong Kuen Loke	1,051,545	0.02	-	-

### Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,620,500	0.41	66,329,000 1,000*	10.28 0.00
Chan Kien Sing	10,000	0.00	-	-
Nerine Tan Sheik Ping	132,000	0.02	-	-
Freddie Pang Hock Cheng	40,000	0.01	25,200*	0.00
Datuk Robert Yong Kuen Loke	2,516,508	0.39	-	-

# STATEMENT OF DIRECTORS' SHAREHOLDINGS as at 14 July 2017

## ULTIMATE HOLDING COMPANY BERJAYA CORPORATION BERHAD (cont'd)

	Direct Interest	Number of Warrants 2012/2022		
		%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,620,500	0.37	87,029,000 1,000*	12.43 0.00
Chan Kien Sing	10,000	0.00	-	-
Freddie Pang Hock Cheng	40,000	0.01	25,200*	0.00
Datuk Robert Yong Kuen Loke	170,108	0.02	-	-

## RELATED COMPANY BERJAYA FOOD BERHAD

	Direct Interest	Number of ordinary shares		
		%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,516,000	0.67	-	-

	Direct Interest	Number of ordinary shares under Employees' Share Scheme ("ESS") ^		
		%	Deemed Interest	%
<u>ESS Options</u>				
Dato' Sri Robin Tan Yeong Ching	1,224,000	0.33	-	-
<u>ESS Shares</u>				
Dato' Sri Robin Tan Yeong Ching	360,000	0.10	-	-

## RELATED COMPANY REDTONE INTERNATIONAL BERHAD

	Direct Interest	Number of ordinary shares		
		%	Deemed Interest	%
Freddie Pang Hock Cheng	-	-	50,000*	0.01

	Direct Interest	Number of 2.75% Irredeemable Convertible Unsecured Loan Stocks 2010/2020 of RM0.10 each		
		%	Deemed Interest	%
Freddie Pang Hock Cheng	-	-	50,000*	0.08

\* Indirect interests held pursuant to Section 59(11)(c) of the Companies Act, 2016.

^ The ESS Options and ESS Shares were granted under the ESS approved by the shareholders of Berjaya Food Berhad at its Extraordinary General Meeting held on 5 October 2016.

Save as disclosed, none of the Directors of the Company had any interests in the shares and debentures of the Company or its related corporations as at 14 July 2017.

# STATISTICS ON SHAREHOLDINGS

as at 14 July 2017

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	3,823	8.80	140,765	0.01
100 - 1,000	3,672	8.45	1,778,487	0.13
1,001 - 10,000	28,011	64.50	90,459,494	6.71
10,001 - 100,000	7,169	16.50	175,535,635	13.02
100,001 - 67,398,614	762	1.75	879,542,162	65.25
67,398,615* and above	1	0.00	200,515,757	14.88
<b>Total</b>	<b>43,438</b>	<b>100.00</b>	<b>1,347,972,300</b>	<b>100.00</b>

Note:

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

\* Denote 5% of the total number of shares with voting rights in issue.

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 14 JULY 2017

	NAME OF SHAREHOLDERS	NO. OF SHARES	(%)
1	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd</i>	200,515,757	14.88
2	<b>UOB Kay Hian Nominees (Tempatan) Sdn Bhd</b> <i>Exempt An For UOB Kay Hian Pte Ltd ( A/C Clients )</i>	45,259,419	3.36
3	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad</i>	38,773,540	2.88
4	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad (G-CBDT4-RC2)</i>	35,929,965	2.67
5	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	30,612,141	2.27
6	<b>Scotia Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd</i>	26,409,020	1.96
7	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For Berjaya Land Berhad (01-00808-018)</i>	21,401,428	1.59
8	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For B.L. Capital Sdn Bhd (01-00808-016)</i>	19,419,839	1.44
9	<b>Scotia Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For B.L.Capital Sdn Bhd</i>	17,980,350	1.33
10	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> <i>Exempt An For AIA Bhd</i>	17,968,291	1.33
11	<b>Affin Hwang Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad</i>	17,000,000	1.26

# STATISTICS ON SHAREHOLDINGS

## as at 14 July 2017

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 14 JULY 2017 (CONT'D)

	NAME OF SHAREHOLDERS	NO. OF SHARES	(%)
12	<b>HLIB Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Corporation Berhad</i>	16,395,000	1.22
13	<b>HSBC Nominees (Asing) Sdn Bhd</b> <i>BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund</i>	15,719,198	1.17
14	<b>Cartaban Nominees (Tempatan) Sdn Bhd</b> <i>PAMB For Prulink Equity Fund</i>	15,450,000	1.15
15	<b>Scotia Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Land Berhad</i>	13,663,454	1.01
16	<b>Cartaban Nominees (Asing) Sdn Bhd</b> <i>Exempt An For State Street Bank &amp; Trust Company (West CLT OD67)</i>	11,583,338	0.86
17	<b>BBL Nominees (Tempatan) Sdn Bhd</b> <i>Gateway Benefit Sdn Bhd</i>	11,350,000	0.84
18	<b>DB (Malaysia) Nominee (Asing) Sdn Bhd</b> <i>Deutsche Bank AG London</i>	10,408,579	0.77
19	<b>Malaysia Nominees (Tempatan) Sendirian Berhad</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (01-00808-017)</i>	10,391,589	0.77
20	<b>HSBC Nominees (Asing) Sdn Bhd</b> <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	9,478,887	0.70
21	<b>RHB Nominees (Tempatan) Sdn Bhd</b> <i>Bank Of China (Malaysia) Berhad Pledged Securities Account For Gateway Benefit Sdn Bhd</i>	8,724,667	0.65
22	<b>ABB Nominee (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (GBSB RC1/RC2)</i>	8,700,124	0.65
23	<b>RHB Capital Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BLand 681123)</i>	8,450,109	0.63
24	<b>UOB Kay Hian Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Bizurai Bijak (M) Sdn Bhd (Third Party)</i>	8,150,000	0.60
25	<b>RHB Nominees (Tempatan) Sdn Bhd</b> <i>Bank Of China (Malaysia) Berhad Pledged Securities Account For Berjaya Land Berhad</i>	7,955,265	0.59
26	<b>Cartaban Nominees (Asing) Sdn Bhd</b> <i>BCSL Client AC PB Cayman Clients</i>	7,877,000	0.58
27	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Bizurai Bijak (M) Sdn Bhd (BCB CBM-C2-RC)</i>	7,870,843	0.58
28	<b>RHB Capital Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Bizurai Bijak (M) Sdn Bhd (Berjaya Corp)</i>	7,632,717	0.57
29	<b>BBL Nominees (Tempatan) Sdn Bhd</b> <i>Berjaya Land Berhad</i>	7,600,000	0.56
30	<b>Maybank Nominees (Tempatan) Sdn Bhd</b> <i>Pledged Securities Account For Berjaya Group Berhad</i>	7,213,952	0.53
		665,884,472	49.40

**LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 14 JULY 2017**

Names of Substantial Shareholder	←————— No. of Shares —————→			
	Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	312,269,000	23.17	-	-
Berjaya Land Berhad	182,574,290	13.54	359,359,386(a)	26.66
Teras Mewah Sdn Bhd	-	-	541,933,676(b)	40.20
Juara Sejati Sdn Bhd	-	-	550,433,676(c)	40.83
Berjaya Group Berhad	15,271,094	1.13	599,583,216(d)	44.48
Berjaya Corporation Berhad	40,075,402	2.97	614,854,310(e)	45.61
Tan Sri Dato' Seri Vincent Tan Chee Yioun	10,305,641	0.76	658,216,424(f)	48.83

Notes:

- (a) Deemed interested by virtue of its 100% interests in Gateway Benefit Sdn Bhd, Immediate Capital 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 interests in Berjaya Land Berhad, Berjaya Capital Berhad and Berjaya Assets Berhad.
- (d) Deemed interested by virtue of its 100% interests in Bizurai Bijak (M) Sdn Bhd, Teras Mewah Sdn Bhd and Juara Sejati Sdn Bhd and its interest in Berjaya Assets Berhad, the holding company of Sublime Cartel Sdn Bhd.
- (e) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad and its deemed interest in Berjaya Assets Berhad, the holding company of Sublime Cartel Sdn Bhd.
- (f) Deemed interested by virtue of his interests in Berjaya Corporation Berhad, B & B Enterprise Sdn Bhd and Berjaya VTCY Sdn Bhd, his interest in Berjaya Assets Berhad, the holding company of Sublime Cartel Sdn Bhd and his deemed interests in Berjaya Retail Berhad.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Berjaya Sports Toto Berhad will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 11 October 2017 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 April 2017 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM191,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 April 2017. **Resolution 1**
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM1,815,000.00 for the period from 31 January 2017 until the next Annual General Meeting of the Company to be held in 2018. **Resolution 2**
4. To re-elect the following Directors retiring pursuant to Article 98(A) of the Company's Articles of Association:-
  - a) Seow Swee Pin **Resolution 3**
  - b) Dato' Oon Weng Boon **Resolution 4**
  - c) Dato' Dickson Tan Yong Loong **Resolution 5**
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**
6. As special business:-

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

  - (i) **Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016** **Resolution 7**

"THAT, subject always to the Companies Act, 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 Sections 75 and 76 of the Companies Act, 2016, to issue and allot shares in the Company from time to time at such price 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 the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
  - (ii) **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 8**

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, 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 23 August 2017 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies 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:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies 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.”

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

**Resolution 9**

“THAT, subject always to the Companies Act, 2016, (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Exchange”) and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company (“BToto Shares”) through the Exchange 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 total issued share capital of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
3. the authority shall commence immediately upon passing of this ordinary resolution until:-
  - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

## NOTICE OF ANNUAL GENERAL MEETING

AND THAT upon completion of the purchase(s) of the BToto Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BToto Shares so purchased by the Company in the following manner :-

- (a) cancel all the BToto Shares so purchased; or
- (b) retain all the BToto Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- (c) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force.”

By Order of the Board

**THAM LAI HENG, MICHELLE**  
(MAICSA 7013702)  
Secretary

Kuala Lumpur  
23 August 2017

## NOTES:

### 1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act, 2016 ("CA 2016"). Hence, this item on the Agenda is not put forward for voting.

### 2. Directors' Fees

The quantum of the Directors' fees for each of the Non-Executive Directors is the same as the previous financial year ended 30 April 2016. Following the re-designation of Mr. Chan Kien Sing as a Non-Executive Director with effect from 31 January 2017, the Director's fee for Mr. Chan Kien Sing was pro-rated from 1 February 2017 up to 30 April 2017.

### 3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the CA 2016 provides that "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for the payment of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company for the period from 31 January 2017 until the next AGM of the Company under Resolution 2.

The current Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors for the Company comprises of meeting allowances, benefits-in-kind and other emoluments.

In determining the estimated amount of remuneration payable to the Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board"), Board Committees and general meeting of the Company as well as the number of Non-Executive Directors involved in these meetings.

In the event, where the payment of Directors' remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

### 4. Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the CA, 2016

Resolution 7 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the CA 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 10 October 2016 and which will lapse at the conclusion of the Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

### 5. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution 8, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate"). Detailed information on the Proposed Shareholders' Mandate is set out under Part A of the Circular/Statement to Shareholders dated 23 August 2017 which is despatched together with the Company's 2017 Annual Report.

## 6. Proposed Renewal of Authority for the Company to Purchase Its Own Shares

Resolution 9, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the issued share capital of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 23 August 2017 which is despatched together with the Company's 2017 Annual Report.

## 7. Proxy and Entitlement of Attendance

- i) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member.
- ii) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- iii) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- iv) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
- v) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
- vi) The duly executed Form of Proxy must be deposited at the Company's Registered Office at 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.
- vii) Only members whose names appear in the Record of Depositors as at 4 October 2017 shall be entitled to attend and vote at the meeting.

## 8. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

# 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 ("AGM") of the Company to be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 11 October 2017 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 approve payment of Directors' Fees		
RESOLUTION 2 - To approve payment of Directors' Remuneration (excluding Directors' Fees) for the period from 31 January 2017 until the next AGM of the Company		
RESOLUTION 3 - To re-elect Seow Swee Pin as Director		
RESOLUTION 4 - To re-elect Dato' Oon Weng Boon as Director		
RESOLUTION 5 - To re-elect Dato' Dickson Tan Yong Loong as Director		
RESOLUTION 6 - To re-appoint Auditors		
RESOLUTION 7 - To approve authority to issue and allot shares		
RESOLUTION 8 - To renew shareholders' mandate for Recurrent Related Party Transactions		
RESOLUTION 9 - To renew authority for the Company to purchase its own shares		

No. of Shares Held

\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017

## NOTES:

- 1) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member.
- 2) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- 3) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- 4) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
- 5) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
- 6) The duly executed Form of Proxy must be deposited at the Company's Registered Office at 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.
- 7) Only members whose names appear in the Record of Depositors as at 4 October 2017 shall be entitled to attend and vote at the meeting.
- 8) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

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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## **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  
Fax : 03-2141 9581  
Email : webmaster@sportstoto.com.my  
www.sportstoto.com.my

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

Level 54, Hopewell Centre  
183 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  
U.S.A.  
Tel : 1 (760) 598 1655  
Fax : 1 (760) 598 0219  
Email : mktg@ilts.com  
www.ilts.com

### **Berjaya 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  
www.berjaya.com.ph

### **H.R. Owen Plc**

Melton Court  
25-27 Old Brompton Road  
London SW7 3TD  
Tel : 44-20-7245 1122  
www.hrowen.co.uk

### **The Company Secretary**

Lot 13-01A, Level 13 (East Wing)  
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Tel : 03-2149 1999  
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