



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 2018



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.

VISION

- To be an organisation which nurtures and carries on profitable and sustainable businesses in line with the Group’s diverse business development and value creation aspirations and interests of all its stakeholders.
- To also be an organisation which maximises the value of human capital through empowerment, growth and a commitment to excellence.

MISSION

We strive to generate profitable returns for our shareholders from investments in core business activities:

- By providing direction, financial resources and management support for each operating unit;
- Through dynamic and innovative management, teamwork and a commitment to excellence; and
- By providing a cross-functional environment and development and upskilling opportunities for our employees to develop their full potential for both personal and professional advancements.

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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.



Reception area of the Claim Centre located at Sports Toto headquarters in Berjaya Times Square, Kuala Lumpur.

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 & maintenance and provision of aftersales 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.

In the Philippines, BToto’s subsidiary, Berjaya Philippines Inc. (“BPI”) 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 1,497 as at 30 April 2018.

Sports Toto’s financial growth over the past 32 years after its privatisation in 1985 is highlighted below:

	30/4/2018 (Million)		31/12/1985 (Million)		32 Years’ Annualised Increase (%)
	RM	USD	RM	USD	
Revenue	3,119.6	796.5	76.0	21.3	125.1
Pre-tax Profit	363.0	92.7	5.0	1.4	223.8
Equity Funds	140.3	35.8	1.0	0.3	435.3
Total Assets	1,273.6	325.2	12.7	3.6	310.3

Exchange rate as at 30 April 2018 : US\$1.00 : RM3.9165

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Tan Sri Dato' Seri Tan Kok Ping

Chief Executive Officer

Nerine Tan Sheik Ping

Executive Director

Seow Swee Pin

Non-Independent/Non-Executive Director

Chan Kien Sing

Independent/Non-Executive Directors

Datuk Robert Yong Kuen Loke

Dato' Oon Weng Boon

AUDIT COMMITTEE

Chairman/Independent Non-Executive Director

Dato' Oon Weng Boon

Independent/Non-Executive Director

Datuk Robert Yong Kuen Loke

Non-Independent/Non-Executive Director

Tan Sri Dato' Seri Tan Kok Ping

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

SECRETARIES

Tham Lai Heng Michelle (MAICSA No. 7013702)

Wong Siew Guek (MAICSA No. 7042922)

Teo Soh Fung (MAICSA No. 7046614)

PRINCIPAL BANKERS

Malayan Banking Berhad

CIMB Bank Berhad

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd

Lot 10-04A & 10-04B

Level 10 (West Wing)

Berjaya Times Square

No. 1 Jalan Imbi

55100 Kuala Lumpur

Tel : 03 - 2145 0533

Fax : 03 - 2145 9702

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Main Market

STOCK SHORT NAME

BJTOTO (1562)

PLACE OF INCORPORATION AND DOMICILE

Malaysia

AUDITORS

Ernst & Young

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

PROFILE OF DIRECTORS



TAN SRI DATO' SERI TAN KOK PING

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

He was appointed to the Board on 1 August 2018 as the Chairman. He graduated with a Bachelor Degree in Commerce from Nanyang University Singapore.

He has more than 40 years of experience in various business sectors which include property development, manufacturing of consumer electronics, garment, corrugated and plastic packaging products.

He was previously the Managing Director and Deputy Chairman of the Company from 1992 to 2001. He had also served as Non-Executive Chairman of Berjaya Retail Berhad, Chairman of Penang Joint Chambers of Commerce and Deputy President of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

Currently, he is the Executive Chairman of Magni-Tech Industries Berhad ("Magni") and he is also a major shareholder of Magni.

He also sits on the Board of a subsidiary of Berjaya Land Berhad as well as in several other private limited companies.

He is the Executive Adviser and former President of Penang Chinese Chamber of Commerce.

Tan Sri Dato' Seri Tan Kok Ping is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.



NERINE TAN SHEIK PING

42 years of age, Malaysian, Female
(Non-Independent/Chief Executive Officer)

She was appointed to the Board on 1 January 2016 as an Executive Director and subsequently appointed as the Chief Executive Officer of the Company on 1 June 2018. 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") (now known as Berjaya Hotels & Resorts (M) Sdn Bhd) in January 1999 and was appointed as an Executive Director of Berjaya Hotels & Resorts (Singapore) 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 an Executive Director of Berjaya Corporation Berhad, Berjaya Land Berhad and Berjaya Group Berhad. She also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

Her father, Tan Sri Dato' Seri Vincent Tan Chee Yioun is a major shareholder of the Company.

PROFILE OF DIRECTORS



SEOW SWEE PIN

61 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 and the Sustainability Committee of the Company.



CHAN KIEN SING

62 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 the 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 AmlInvestment Bank Berhad) specialising in corporate finance until his departure in 1989. He joined Berjaya Group Berhad in 1989 until his 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 and 7-Eleven Malaysia Holdings Berhad. He is also the Managing Director of Sun Media Corporation Sdn Bhd and holds directorships in several other private limited companies.

PROFILE OF DIRECTORS



DATUK ROBERT YONG KUEN LOKE

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

He was appointed to the Board on 1 December 1992 and is the Senior Independent Director to whom concerns relating to the Company and the Group can be conveyed. 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, Berjaya Assets Berhad and Berjaya Media Berhad.

Datuk Robert Yong Kuen Loke is the Chairman of the Nomination Committee, the Risk Management Committee and the Sustainability Committee as well as a member of the Audit Committee and the Remuneration Committee of the Company.



DATO' OON WENG BOON

49 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 and he has acquired more than 15 years of experience in the management and operations of several companies involve in the property development and construction industry.

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 the Chairman of the Audit Committee and the Remuneration Committee as well as a member of the Nomination Committee, the Risk Management Committee and the Sustainability 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

TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

66 years of age, Malaysian, Male

Managing Director/Chief Executive Officer
Sports Toto Malaysia Sdn Bhd

Date of appointment: 5 December 1988

He is a businessman and entrepreneur with more than four decades of entrepreneurial experience and has diverse interests in property development and investment, gaming, lottery management, stockbroking, motor distribution, 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, Intan Utilities Berhad, U Mobile Sdn Bhd and MOL Ventures Pte Ltd.

Currently, he is the Executive Chairman of Berjaya Corporation Berhad and Berjaya Times Square Sdn Bhd and Chairman of U Mobile Sdn Bhd, Cosway (M) Sdn Bhd and Country Farms Sdn Bhd. He also holds directorships in several other private limited companies and also in Berjaya Corporation group of companies.

His daughter, Nerine Tan Sheik Ping is the Chief Executive Officer of Berjaya Sports Toto Berhad.

TUNG KAI SHEK

51 years of age, Malaysian, Male

General Manager - Finance & Administration
Sports Toto Malaysia Sdn Bhd ("Sports
Toto")

Date of appointment: 1 January 2014

He joined the company in April 2011 and was appointed as the General Manager - Finance and Administration of Sports Toto in January 2014. He is a qualified accountant and a member of the Malaysian Institute of Accountants.

He has over 26 years of accounting, finance, corporate finance and overseas business experience. Prior to joining Sports Toto, he worked with a big-four international accounting firm from 1989 to 1992. Between 1993 and 2011, he held senior management positions in private and public listed groups including Chief Financial Officer of KNM Group Berhad, Financial Controller of MK Land Berhad, General Manager, Group Finance & Human Resource Administration of AIMS Worldwide Group, Group Finance & Accounts Manager of Mechmar Corporation Berhad, and Accountant in Gamuda Berhad.

He also holds directorship in other private companies under the Berjaya Corporation group of companies. He is a member of the Risk Management Working Committee, Tender Committee and Agency Committee of Sports Toto.

TAN ENG HWA

48 years of age, Malaysian, Male

Director
Berjaya Philippines Inc. ("BPI")

Date of appointment: 4 October 2016

He holds a Masters Degree in Business Administration from University of Chicago, United States of America and is a member of the Malaysian Institute of Accountants and Association of Chartered Certified Accountants. He has over 20 years of accounting, financial management and administration experience.

He is a member of the Board of BPI and the Vice President and Treasurer of Philippine Gaming Management Corporation. He is also a Director and Treasurer of Bermaz Auto Philippines Inc., Berjaya Pizza (Philippines) Inc., Cosway Philippines Inc., Perdana Hotel Philippines Inc. and Perdana Land Philippines, Inc. He was appointed as Treasurer of Sanpiro Realty & Development Corporation, and the Treasurer and member of the Board of Trustees of Berjaya Foundation Inc.

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

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.

CHAIRMAN'S STATEMENT

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 2018.



Reception area of the Claim Centre located at Sports Toto headquarters in Berjaya Times Square, Kuala Lumpur.

FINANCIAL RESULTS

For the financial year under review, the Group reported a drop in revenue by 1.2% to RM5.66 billion as compared to RM5.73 billion in the previous financial year mainly due to the higher revenue contribution arising from higher project contract sales reported by International Lottery & Totalizator Systems Inc. ("ILTS") in the previous financial year. The Group's pre-tax profit increased marginally by 0.3% mainly attributed to the improved results reported by Sports Toto Malaysia Sdn Bhd ("Sports Toto") and H.R. Owen Plc ("H.R. Owen") but was offset by the impairment in value for certain available-for-sale investments and goodwill for the leasing of lottery equipment business in the Philippines as well as the lower results reported by Philippine Gaming Management Corporation ("PGMC").

DIVIDEND

For the financial year ended 30 April 2018, BToto declared four interim dividends with the total of 16 sen per share. The total dividend distribution for the financial year under review was approximately RM215.5 million, representing about 93.8% of the attributable profit of the Group for the financial year ended 30 April 2018.

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 despite the challenging business and economic environment and weak consumer sentiment. The prevalent presence of illegal operators,

still seemingly unabated despite police enforcement and raids undertaken from time to time throughout the nation, has continued to plague Sports Toto's business.

During the financial year under review, the highest jackpot winning prize among the games offered was Grand Toto 6/63's RM69.6 million, followed by Supreme Toto 6/58's RM63.9 million and Power Toto 6/55's RM28.3 million, while the popular Toto 4D Jackpot game's first jackpot prize of RM24.8 million was the highest among 9 jackpot first prizes won in its category. Toto 4D Jackpot recorded the most frequent winnings among the Jackpot games, while the new lotto game, Star Toto 6/50 ranked second after having recorded 3 jackpot prizes won during the financial year. Star Toto 6/50's maiden first jackpot prize of RM7.9 million was won in January 2018 after its launch on 19 October 2017. Grand Toto 6/63 game achieved the highest jackpot in Sports Toto's history of RM69.6 million when it was won on 13 September 2017 prior to the retirement of the game, thereby breaking and succeeding Sports Toto's highest jackpot winning of RM57.2 million won in the Supreme Toto 6/58 game in 2012. The new record jackpot of RM69.6 million was also the highest ever Jackpot recorded in Malaysian history. The Grand Toto 6/63 game ceased after its last draw on 18 October 2017.

Sports Toto launched the Lotto game, Star Toto 6/50 as a replacement for its Grand Toto 6/63 game. The Star Toto 6/50 game is similar to its counterparts within the Lotto range, except it has a smaller matrix of 50 numbers and offers seven prize groups, with two jackpot prizes at a minimum bet of RM1, instead of RM2. The first and second jackpot prizes start at RM1,188,888 and RM100,000 respectively. At a lower entry cost together with lower matrix and more prize groups to blend

CHAIRMAN'S STATEMENT

with its existing lotto games of higher matrixes, the Star Toto 6/50 game presents new dynamics to attract and serve a different market which looks for better chances in return for lower jackpot prizes, thereby opening up and creating more affordable options to the betting customers. It is envisaged the Star Toto 6/50 would bring about better customer experience and interest in the longer term.

As part of the company's ongoing efforts in enhancing customer services and experience, Sports Toto opened its first concept store in Johor Bahru, launched in a grand opening ceremony in February 2018. Strategically located, the new concept store is typically a bigger sales outlet equipped with air-conditioning, table and chair sets, glass panels and electronic information LED TVs, which offers more space, comfort and satisfaction to the betting customers. It also has a dedicated claim counter which provides better privacy to customers who come to claim their winnings.

Besides Sport Toto's fan page on Facebook and Apps on Android and iOS versions introduced in the previous year, Sports Toto is now on Instagram <https://www.instagram.com/sportstotomalaysia/> since March 2018.

The upgrading exercise of its communication processors including network core, backend and outlet switches was carried out during the period under review and completed in December 2017. This improves the performance speed and brings down the rate of network communication failure. Sports Toto also purchased eight hundred units of new lottery terminals to be deployed nationwide over 2018 to increase the efficiency of delivery and customer service.

Sports Toto started a certification exercise last year to seek ISO/IEC 27001 and World Lottery Association (WLA) Security Control Standard accreditation for its lottery business systems, and it is expected to complete by the third quarter of 2018. The exercise demonstrates that Sports Toto is conforming to the international best practices for key information security and business management systems in the lottery gaming services category.



Ferrari 812 Superfast distributed by H.R. Owen.

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 a total of 4,871 lottery terminals installed in 4,698 outlets in Luzon Island as at 30 April 2018.

H.R. Owen, a luxury car 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 cover fifteen sales franchises and nineteen aftersales franchises for Aston Martin, Audi, Bentley, Bugatti, Ecurie, Ferrari, Lamborghini, Maserati, and Rolls-Royce.

PHPI operates the Berjaya Makati Hotel located in Makati City, Metro Manila. For the financial year under review, the average room occupancy rate dropped by 8.3%, to 55.9% mainly due to stiff competition from the existing hotels within the vicinity.

The United States of America

International Lottery & Totalizator Systems, Inc. ("ILTS") supplies secure and reliable computerised wagering systems and terminals to the global lottery and pari-mutuel racing industries. For more than thirty years, ILTS has provided computerised wagering systems, quality support and more than 65,000 terminals in more than twenty countries.

During the year, ILTS continued to deliver new terminals to Berjaya Gia Think Investment Technology Joint Stock Company ("BGT") in Vietnam, and provided BGT with new games and technical support. BGT has an exclusive contract to invest in and operate a nationwide computerised lottery in Vietnam under a business cooperation contract with Vietnam



A lotto draw in progress in the Philippines.

CHAIRMAN'S STATEMENT



Premier room in Berjaya Makati Hotel, Metro Manila.

Computerised Lottery One Member, a Vietnamese Ministry of Finance company. ILTS also delivered additional lottery terminals and associated services to Sports Toto.

ILTS' subsidiary, Unisyn Voting Solutions, Inc. ("Unisyn"), continued to post notable progress during the financial year. It developed numerous enhancements and upgrades to its OpenElect® digital optical scan election systems and hardware de minimis changes as required. Its OpenElect® voting systems and products are presently installed and used in the elections of more than 201 counties in the states of Arizona, Indiana, Illinois, Iowa, Kansas, Missouri, Tennessee, Ohio, Utah and Virginia.

Unisyn's OpenElect® suite of precinct-based optical scan election systems, the first to be awarded with the U.S. 2005 Voluntary Voting System Guidelines Certification in January 2010 by the United States Election Assistance Commission ("EAC"), had received additional federal certification upgrades from the EAC, as well as state certifications from Missouri, Iowa, Virginia, Indiana, Tennessee, Ohio, Kansas, Illinois, Arizona, Arkansas, Utah and Pennsylvania. During the year, Unisyn successfully launched a well-received new tablet-based voting device branded as the FreedomVote® Tablet ("FVT"). Other than the FVT, Unisyn's OpenElect® suite of products include OpenElect® Voting Optical Scan, OpenElect® Optical Voting Interface, OpenElect® Central Scan and the OpenElect® Central Suite. Unisyn also continued to provide technical election support to the Los Angeles County, the largest voting jurisdiction in the U.S. with a voting age population of more than 6 million.

On 26 November 2017, ILTS was successfully awarded the ISO/IEC 9001:2015 certification from the previous ISO/IEC 9001:2008 certification by DQS Inc., a leading and trusted certification body in the world. The upgraded certification to the ISO/IEC 9001:2015 standards demonstrates that the quality management system of ILTS for the design, development and manufacture of its gaming and voting terminals and systems conformed to the highest international standards and best practices for quality management systems. ISO/IEC 9001:2015 is a globally recognised standard for the establishment, maintenance, and certification of a quality management system.



Unisyn's OpenElect® FreedomVote® Tablet ("FVT") is a tablet-based voting device with state of the art features that allow a voter to navigate the ballot via the tablet's intuitive touchscreen technology and an audio presentation.

On 14 December 2017, ILTS was awarded the ISO/IEC 27001:2013 certification by PECB, a global management system certification body accredited by the International Accreditation Service. The ISO/IEC 27001:2013 certification confirms that the information security management practices of ILTS meet the highest international standards and best practices for information security management system. ISO/IEC 27001:2013 is a globally recognised standard for the establishment, maintenance, and certification of an information security management system.

On 19 December 2017, ILTS received the World Lottery Association Security Control Standard:2016 ("WLA-SCS:2016") certification. The WLA certification attests that the information security management system of ILTS has met the requirements of ISO/IEC 27001:2013, together with the additional security requirements of the General Security and Integrity Control Objectives and Controls of the WLA SCS:2016 for the design, development and provision of lottery processing systems, in accordance with the statement of applicability and scope established within the information security management system operated by ILTS. The WLA is a member-based organisation to advance the interests of state-authorized lotteries around the world and its mission includes setting security control standards in such areas as security, integrity and risk management to help gaming and lottery organisations achieve levels of control that are in accordance with both generally accepted information security and quality practices as well as specific industry requirements. Certification to the WLA-SCS provides an objective measure of an organisation's security control and risk management performance.

CHAIRMAN'S STATEMENT



Promotional brochure for Supreme Toto 6/58 game.

SUSTAINABILITY

BToto's second Sustainability Statement sees the Group's commitment to strengthen its financial position and enhancement of its competitiveness through adopting good and ethical business practices, corporate governance as well as effective capital management.

BToto acknowledges the importance of social sustainability by putting in place various practices related to product and service compliance, responsible marketing and communications practices, information security and privacy, customer care and community support, among others.

The Sustainability Statement can be found on pages 21 to 35 of this Annual Report.

FUTURE PROSPECTS

The Malaysian economy moderated to 5.4% in the first quarter of 2018. However, Bank Negara Malaysia still maintained the GDP growth target for 2018 at 5.5% to 6% pending further assessment of the policy initiatives under the new government led by Prime Minister Tun Dr Mahathir. Despite the slower growth, the outlook for the full year remains favourable,

supported by healthy domestic demand, improving global growth and trade activities. The headline inflation rate is projected to average at 2% to 3% in 2018, down from 3.7% last year. Against this scenario, Sports Toto will strive to seek growth and maintain its dominance in the number forecast sector. While Sports Toto envisages its business to remain resilient, it will continue to ensure its business strategies remain relevant and its games are attractive to its betting customers.

With the recent appointment of the new management of PCSO in the Philippines, PGMC will continue to work with PCSO to launch new games in the coming financial year to generate more revenue to support charity activities in the Philippines. In the United Kingdom, H.R. Owen will continue to complement BPI's business performance with further improvement in its business operations.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to Dato' Sri Robin Tan Yeong Ching who has stepped down from his role as Chief Executive Officer and the retirement of Mr Freddie Pang Hock Cheng from the Board as Non-Independent/Non-Executive Director, both with effect from 1 June 2018, for their valued contributions and support during their tenure on the Board.

I would also like to convey our sincere thanks and appreciation to Mr Cheah Tek Kuang who stepped down as Chairman and Independent Non-Executive Director with effect from 1 August 2018, for his dedication and contributions to the Board

We also take this opportunity to congratulate Ms Nerine Tan Sheik Ping for her promotion to Chief Executive Officer effective 1 June 2018. She was appointed as the Executive Director of BToto on 1 January 2016.

Our heartfelt thanks go to all our valued customers, business associates, financiers, shareholders, analysts as well as members of the media, government authorities and other stakeholders for their continued support.

I would like to record my deepest appreciation to my fellow colleagues on the Board, the committed management, employees and agents for their hard work and contributions towards the success of the Group, and I look forward to their continued support.

TAN SRI DATO' SERI TAN KOK PING

Chairman

6 August 2018

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2018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，本集团的营收从上一财政年的57亿3000万令吉，下滑1.2%至56亿6000万令吉，主要归功于国际博彩与赛马测彩系统有限公司 (International Lottery & Totalizator Systems Inc.) (“ILTS”) 在过去财政年的合约销售额较高，因而录得较高的营收。本集团的税前盈利稍微上升0.3%，归功于多多博彩马来西亚私人有限公司 (“多多博彩”) 和H.R. Owen Plc (“H.R. Owen”) 的营收增长，却因为特定可供出售的投资及在菲律宾彩票设备租赁服务的商誉减值，还有Philippine Gaming Management Corporation (“PGMC”) 的营收低而被抵消。

股息

成功多多博彩已在截至2018年4月30日的财政年内，4度宣布中期股息，总额为每股16仙。在截至2018年4月30日的财政年中所派发的股息总额达至大约2亿1550万令吉，相等于本集团在截至2018年4月30日的财政年中，约93.8%的可分派盈利。

业务检讨

马来西亚

尽管经商与经济环境深具挑战以及消费情绪持续疲弱，但是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。虽然警方一直在全马各地取缔非法测字业者，但是这些非法测字业者持续对多多博彩的业务造成巨大挑战。

在检讨中的财政年，鸿运多多六合彩 (6/63) 游戏所派出一笔总值6960万令吉的积宝奖金，是所有数字游戏中派出的最高奖金数额，紧接着的是好运多多六合彩 (6/58) 游戏派出一笔总值6390万令吉积宝奖金及至尊多多六合彩 (6/55) 游戏派出一笔总值2830万令吉积宝奖金，至于备受客户追捧的多多万字积宝游戏则派出9份积宝首奖奖金，而当中奖金数额最高的一份奖项总值2480万令吉。多多万字积宝是所有积宝游戏中派出最多份奖金的游戏，紧接着的是在财政年中曾派出3份积宝奖金的最新星运多多六合彩 (6/50)。星运多多六合彩 (6/50) 于2017年10月19日面市，首份于2018年1月被赢走的积宝奖金总值790万令吉。鸿运多多六合彩 (6/63) 游戏在终止以前，

于2017年9月13日被赢走总值6960万令吉的积宝奖金，这是多多博彩有史以来被赢走的最高积宝奖金，破了好运多多六合彩 (6/58) 游戏在2012年派出总值5720万令吉积宝奖金的纪录。6960万令吉的积宝奖金也是马来西亚史上最高的积宝奖金。鸿运多多六合彩 (6/63) 游戏于2017年10月18日开彩以后就宣告结束。

多多博彩推出星运多多六合彩 (6/50) 游戏取代鸿运多多六合彩 (6/63)。星运多多六合彩 (6/50) 与其他数字游戏相似，只是它的号码组合比较少，只有50个以及7个赢奖机会，两个积宝奖金最低的投注是1令吉，而不是RM2。首奖和二奖的积宝奖金分别从118万8888令吉和10万令吉起。星运多多六合彩 (6/50) 游戏凭借更低廉的投注金额及较少的号码组合以及更多的赢奖机会，再结合现有数字游戏更多的号码组合，它能够带来更多的投注乐趣，也创造了赢奖机会比较高，但积宝奖金较少的市场需求，进而为客户们提供更易于负担的投注选项。星运多多六合彩 (6/50) 预料会为客户们带来更多投注乐趣，吸引力也会更长久。

多多博彩持续在财政年中专注改善客户服务与体验素质。它在新山开设第一家概念店，并于2018年2月举办盛大的开幕仪式。这家概念店的地点极具策略，规模比一般的销售站更大，备有冷气、桌椅、玻璃嵌板及液晶电视电子告示板，空间更宽敞，让客户感觉更舒服和满意。它也有一个特别兑领奖金的柜台，给予前来领奖的客户更充分的隐私。

多多博彩除了在前年开设脸书专页以及推出安卓和苹果手机软体，2018年3月更在Instagram开设多多博彩帐号 <https://www.instagram.com/sportstotomalaysia/>。

在检讨中的财政年，多多博彩开展的网络通讯设备升级工程包括提升核心网络、后端和销售站网络交换器，升级工程于2017年12月完成。它顺利提升运行速度并降低网络通讯当机的机率。多多博彩也购买了800台彩票终端机，计划于2018年安置在全马各地的销售站，以提升营运效率和客户服务质量。

多多博彩去年已开始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 (WLA) 安全控管标准认证，并预计能在2018年第3季取得认证。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。

主席报告



马卡迪市成功马卡迪酒店里的El Prado餐厅。



多多博彩在新山的概念店。

菲律宾

菲律宾成功股份有限公司 (“BP”) 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2018年4月30日为止，已在位于吕宋区域的4698家销售站安装了4871台彩票终端机。

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、宾利、布佳迪、Ecurie、法拉利、蓝宝坚尼、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。在检讨中的财政年，其平均入住率下滑8.3%至55.9%，主要因为它面对当地酒店之激烈竞争。

美国

国际博彩与赛马测彩系统有限公司 (International Lottery & Totalizator Systems Inc.) (“ILTS”) 提供安全和可靠的博彩系统和终端机给全球博彩公司。经营业务已有逾30年之久的 ILTS 在全球逾20个国家安装博彩系统，提供支援，更交付了逾6万5000台投注终端机。

在检讨中的财政年，ILTS 继续为越南的成功 Gia Think 投资科技股份公司 (“BGT”) 供应全新的终端机，包括新游戏和技术支援。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 也提供多多博彩额外的彩票终端机及相关服务。

在检讨中的财政年，ILTS 旗下全资子公司 Unisyn 投票解决方案公司 (Unisyn Voting Solutions, Inc.) (“Unisyn”) 持续录得更高的营收。它改善和提升 OpenElect® 数码光学扫描选举系统，也对硬件进行所需的小幅度改变。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201个郡已安装并使用 Unisyn 的 OpenElect® 投票系统与产品。

自 Unisyn 以选区为基础的扫描选举系统 - 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 (“EAC”) 颁发的美国2005年自愿投票系统指南认证的投票产品之后，此系统先后获得 EAC 颁发的额外联邦认证以及其他州级认证，包括密苏里、爱荷华、维吉尼亚、印第安纳、田纳西、俄亥俄、堪萨斯、伊利诺伊、亚利桑那、阿肯色、犹他和宾夕法尼亚州。在检讨中的财政年，Unisyn 成功推出一个广受欢迎，以平板电脑为基础的投票装置，取名为 FreedomVote® Tablet (“FVT”)。除了 FVT，Unisyn 的 OpenElect® 配套产品还包括 OpenElect® 投票光学扫描，OpenElect® 光学投票介面，OpenElect® 中央扫描及 OpenElect® 中央配套。Unisyn 持续为美国最大并且拥有逾600万符合投票年龄人口的选区 - 洛杉矶郡，提供选举技术支援。

在2017年11月26日，ILTS 成功获得世界知名及备受信赖的认证机构 DQS 将早前发出的 ISO/IEC 9001:2008 证书转版至 ISO/IEC 9001:2015 证书。升级版 ISO/IEC 9001:2015 证书体现了 ILTS 在设计、开发和生产博彩游戏和投票终端机以及系统的品质管理方面，遵循国际标准及最佳实践的品质管理系统。ISO/IEC 9001:2015 证书是全球认可的制定、维护和验证品质管理系统的标准。

2017年12月14日，ILTS 获得 PECB 发出的 ISO/IEC 27001:2013 证书。PECB 是国际认证服务认可的全球管理系统认证机构。ISO/IEC 27001:2013 证书证明了 ILTS 的资讯安全管理规范，遵循国际标准及最佳实践的资讯安全管理系统。ISO/IEC 27001:2013 证书是全球认可的制定、维护和验证资讯安全管理系统的标准。



在选举期间，一名选民使用FreedomVote®平板电脑来投票。



H.R. Owen经销的蓝宝基尼Urus。

2017年12月19日，ILTS获得世界博彩协会安全控管标准认证：2016 (“WLA-SCS:2016”)证书。这个由世界博彩协会发出的证书证实ILTS的资讯安全管理系统符合ISO/IEC 27001:2013的规定，符合普通安全和廉正管控目标额外的安全规定及WLA SCS:2016 在彩票处理系统的设计、开发和规定方面的管控，并依据ILTS负责的资讯安全管理系统当中的适用声明和范围。世界博彩协会是以会员为基础的团体，旨在促进世界各地合法博彩业者利益，其使命包括制定安全、廉正和风险管理方面的安全管控标准，帮助博彩公司达到公认资讯安全、具有规范及特定行业规定的管控水平。世界彩票协会安全控制标准(WLA.SCS)是公司安全管控和风险管理表现方面客观的衡量标准。

可持续发展

成功多多博彩第二份可持续发展报告列明本集团坚守优良的商业道德规范、公司治理及有效的资本管理来巩固其财务状况及加强其竞争力。

成功多多博彩认同社会可持续发展的重要性，因此想方设法将可持续发展的元素纳入产品和服务规范、负责任的市场营销及传播规范、资讯安全和隐私、客户关怀及社区支援等等。

欲阅读可持续发展报告，请翻阅本报告的21页至35页。

未来展望与前景

我国2018年首季成长5.4%。不过，马来西亚国家银行依然维持2018年国内生产总值之增长幅度将介于5.5%至6%的目标，胥视由敦马哈迪领导的新政府检讨各项政策以后进一步的评估。尽管经济成长速度放缓，但是全年展望依然正面，这是因为内需的拉动、全球经济和贸易改善。2018年总体通货膨胀率预料介于2%至3%，比去年的3.7%来得低。

在这种情况下，多多博彩会竭力在测字业寻求增长及保持领先的地位。尽管多多博彩预料其业务表现会反弹，但是它会持续确保经营策略与时俱进，所推出的游戏也能吸引顾客投注。

随着菲律宾PCSO近期迎来新的管理层，PGMC会继续和PCSO合作，在来临的财政年推出新游戏，以增加收入来支撑菲律宾的慈善活动。英国方面，H.R. Owen会进一步改善其业务运营，继续辅助BPI提升其业绩。

感谢

本人谨代表董事部，至诚感激在2018年6月1日正式卸任成功多多博彩首席执行官一职的拿督斯里陈永钦先生及正式荣休的非独立非执行董事彭福清先生，在过去不间断地贡献并支持本集团。本人也要感激在2018年8月1日正式卸任主席兼独立非执行董事职务的谢德光先生在任期间为董事部所做出的贡献。

我们也要借此机会恭喜陈雪冰小姐在2018年6月1日升任为首席执行官。她在2016年1月1日受委为成功多多博彩执行董事。

我在此向所有给予鼎力支持、合作和协助的顾客、来往商家、融资机构、股东、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，同时冀望他们继续给予支持。

丹斯里拿督斯里陈国平
主席

2018年8月6日

GROUP FINANCIAL SUMMARY

Description	2018 USD'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	1,445,318	5,660,587	5,731,396	5,563,227
Profit Before Tax	96,319	377,233	376,141	445,658
Profit For The Year	60,754	237,944	246,707	318,092
Non-Controlling Interests	(2,116)	(8,286)	(9,576)	(9,452)
Profit Attributable To Owners Of The Parent	58,638	229,658	237,131	308,640
Share Capital	34,496	135,103	135,103	135,103
Share Premium	-	-	-	-
Reserves	155,374	608,523	642,978	641,859
Equity Funds	189,870	743,626	778,081	776,962
Treasury Shares	(3,145)	(12,320)	(10,061)	(10,061)
Net Equity Funds	186,725	731,306	768,020	766,901
Non-controlling Interests	14,066	55,091	44,232	73,956
Total Equity	200,791	786,397	812,252	840,857
Other Non-Current Liabilities	2,321	9,091	4,159	4,668
Long Term Borrowings	135,431	530,415	551,974	695,000
Deferred Tax Liabilities	4,261	16,687	16,314	16,641
Current Liabilities	328,984	1,288,467	1,219,753	1,098,944
Total Equity and Liabilities	671,788	2,631,057	2,604,452	2,656,110
Property, Plant and Equipment	46,735	183,036	214,658	217,226
Intangible Assets	196,327	768,916	788,150	789,537
Investments and Other Non-Current Assets	83,817	328,270	274,704	230,201
Deferred Tax Assets	7,893	30,913	38,348	43,484
Current Assets	337,016	1,319,922	1,288,592	1,375,662
Total Assets	671,788	2,631,057	2,604,452	2,656,110
Net Assets Per Share (Cents/Sen)	13.86	54.29	56.98	56.89
Net Earnings Per Share (Cents/Sen)	4.35	17.05	17.59	22.88
Dividend Rate Per Share (Cents/Sen)	4.09	16.00	14.00	19.00 ***
Net Dividend Amount (USD'000/RM'000)	55,029	215,520	188,716	255,160 ^^

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 2018 : US\$1.00 : RM3.9165

*** 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 includes 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.

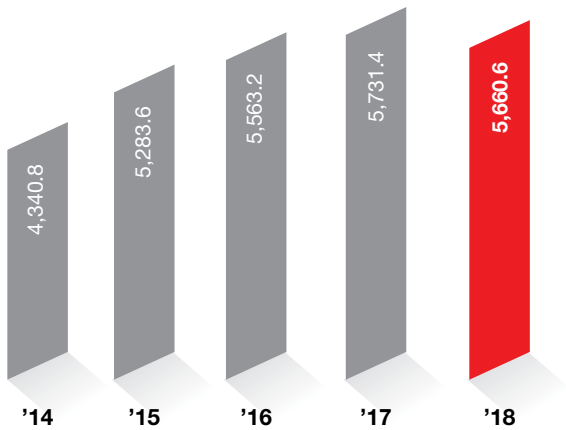
The dividend amount included share dividend based on treasury shares book cost of RM383.3 million.

GROUP FINANCIAL SUMMARY

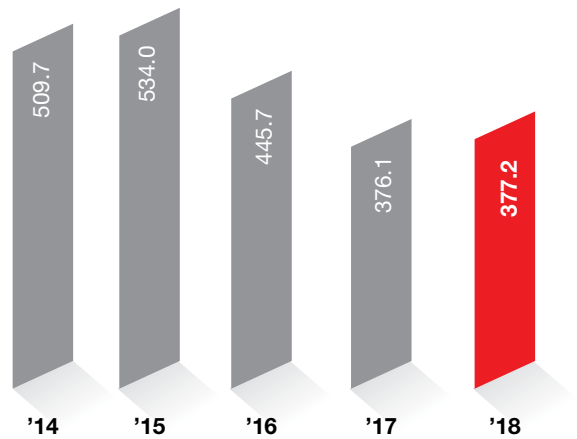
2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
5,283,644	4,340,839	3,628,362	3,607,754	3,433,216	3,392,810	3,695,686
534,012	509,722	569,526	579,150	508,402	548,188	585,544
373,304	343,696	403,506	415,685	357,441	388,478	422,016
(11,694)	(14,990)	(12,421)	(10,209)	(7,680)	(4,974)	(8,462)
361,610	328,706	391,085	405,476	349,761	383,504	413,554
135,103	135,103	135,103	135,103	135,103	135,103	135,103
-	-	-	-	-	-	207,431
574,106	505,263	467,969	464,715	380,301	371,715	546,512
709,209	640,366	603,072	599,818	515,404	506,818	889,046
(24,712)	(11,860)	(32,907)	(120,295)	(57,341)	(57,341)	(406,099)
684,497	628,506	570,165	479,523	458,063	449,477	482,947
71,070	75,129	43,049	31,399	23,723	15,074	15,959
755,567	703,635	613,214	510,922	481,786	464,551	498,906
5,285	4,898	3,333	2,597	2,423	39,715	38,455
495,000	400,000	400,000	550,000	550,000	305,000	124,247
15,679	4,765	364	380	326	2,129	1,710
990,182	1,039,428	526,159	364,159	412,729	420,189	451,156
2,261,713	2,152,726	1,543,070	1,428,058	1,447,264	1,231,584	1,114,474
166,478	165,398	121,864	131,139	135,900	96,701	101,067
775,771	754,049	644,485	643,857	642,757	643,986	618,358
221,003	194,396	165,803	136,755	113,759	100,921	86,534
23,692	16,991	18,417	12,718	9,776	9,674	5,214
1,074,769	1,021,892	592,501	503,589	545,072	380,302	303,301
2,261,713	2,152,726	1,543,070	1,428,058	1,447,264	1,231,584	1,114,474
50.91	46.62	42.45	36.25	34.25	33.61	38.45
26.86	24.66	29.43	30.37	26.15	29.02	32.93
21.50	26.50 **	28.00 **	27.00	21.00	57.50 *	29.00
289,250	352,348 ^	372,912 ##	359,406	280,875	728,954 #	316,669

GROUP FINANCIAL HIGHLIGHTS

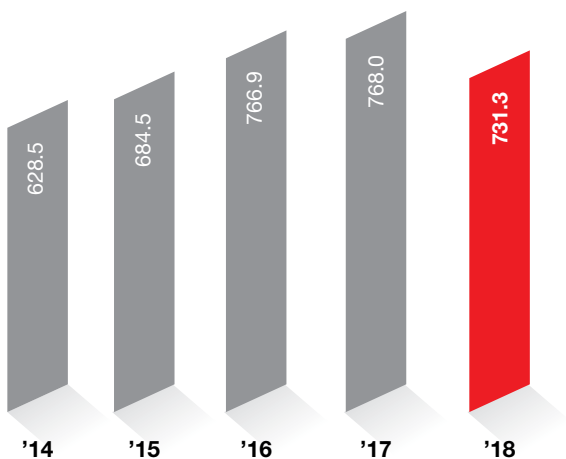
Revenue (RM' Million)



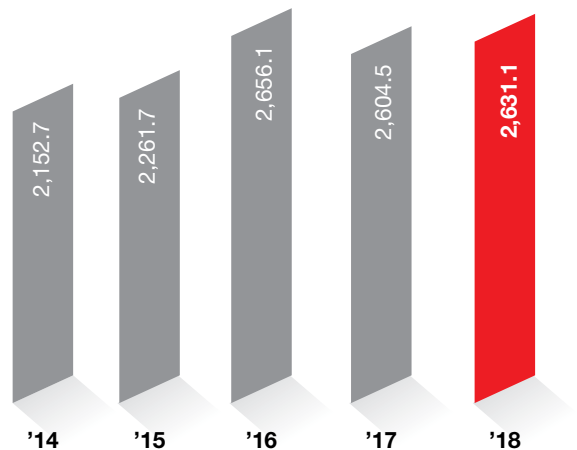
Profit Before Tax (RM' Million)



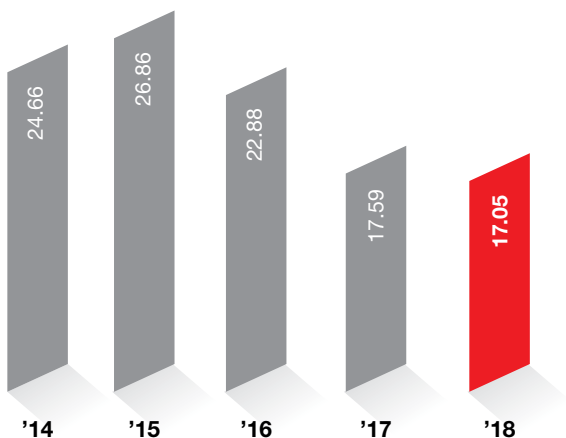
Net Equity Funds (RM' Million)



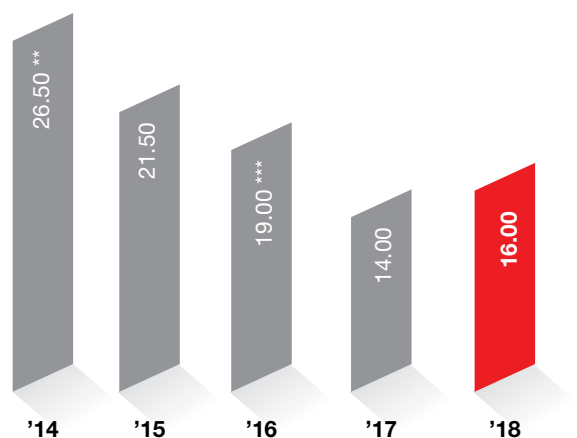
Total Assets (RM' Million)



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 Berhad (“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 United Kingdom.

BToto has four main operating subsidiary companies namely Sports Toto Malaysia Sdn Bhd, Philippine Gaming Management Corporation, 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, Star Toto 6/50, Power Toto 6/55 and Supreme Toto 6/58 which are drawn three days a week. Grand Toto 6/63 was replaced by Star Toto 6/50 during the financial year under review.

Revenue

For the financial year ended 30 April 2018, Sports Toto recorded revenue of RM3.12 billion which is on par with the previous year’s revenue despite the current year having two draws less than the previous year. 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.

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 increased by 9.2% to RM363.0 million compared to RM332.5 million in the previous financial year. The higher profit before tax was mainly due to a lower prize payout in the financial year under review. Consequently, this led to a higher profit before tax margin of 11.6% compared to 10.7% in the previous financial year.

Profit After Tax

Profit after tax increased by 9.9% to RM253.5 million compared to RM230.6 million in the previous financial year, in line with the increase in the profit before tax. The higher profit after tax margin of 8.1% compared to 7.4% in the previous financial year was due to lower prize payout in the financial year under review.

Prospects

Effective 1 June 2018, the Government zeroed the GST, while the Sales & Services Tax (SST) is expected to be re-introduced to replace GST from 1 September 2018. Sports Toto does not foresee this would have significant impact to its operation.

Sports Toto anticipates its business performance to be satisfactory, and is confident that it will continue to maintain its market share in the NFO business for the financial year ending 30 April 2019.

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”), 99.3% 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.

MANAGEMENT DISCUSSION & ANALYSIS

Revenue

BPI group recorded an 8.2% increase in revenue to Peso30.8 billion from Peso28.5 billion in the previous financial year. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial year under review upon conversion to Philippine Peso.

PGMC recorded revenue of Peso1.64 billion, an increase of 2.5% from Peso1.60 billion in the previous financial year mainly due to an increase in lease rental income as a result of higher jackpots recorded this financial year.

BPI's other subsidiary, PHPI, which operates Berjaya Makati Hotel in Makati City, recorded revenue of Peso129.4 million compared to Peso144.2 million in the previous financial year. The 10.3% decrease in revenue was mainly due to a decrease in room occupancy level compared to the previous financial year. The hotel industry continued to experience a significant oversupply in guestrooms, thereby making it challenging to increase room rates significantly.

Profit Before Tax

BPI group recorded a profit before tax of Peso1.1 billion, an increase of Peso124.7 million or 12.7% from the previous financial year, mainly due to a higher revenue in the financial year under review.

PGMC's profit before tax decreased by 4.9% to Peso755.2 million compared to Peso794.1 million in the previous financial year mainly due to the provision made for costs and expenses for an arbitration award issued by the Makati Regional Trial Court in favour of PCSO in the financial year under review. PGMC has filed a petition to appeal on the final award issued by the Court.

Excluding this one-off provision made for the cost and expenses for the arbitration award, PGMC would have registered an increase in profit before tax of 3.2%.

PHPI registered a loss before tax of Peso3.7 million compared to a profit before tax of Peso0.3 million in the previous financial year, mainly due to lower revenue from hotel rooms in the financial year under review.

Profit After Tax

BPI group's profit after tax increased by 13.1% to Peso796.4 million compared to Peso704.1 million in the previous financial year. The effective tax rate for the financial year ended 30 April 2018 was slightly lower at 28.2% compared to 28.5% in the previous financial year.

Prospects

The Philippine economy is expected to moderate to 6.6 - 6.7% range in 2018-2019 from its current annual rate of 6.7% - 6.9% in 2017-2018. Investment growth hinges on the government's ability to effectively and timely implement its ambitious public investment programmes.

PGMC will continue to work with PCSO to launch new games in the coming financial year to generate more revenue to support charity activities in the Philippines.

To ensure PHPI continues to be sustainable in the changing business environment, Berjaya Makati Hotel closely monitors markets across the globe and follows key industry and business metrics. It will optimise its menu by introducing new products that are popular and widely accepted by the customers. For instance, the menu for its Indian cuisine has expanded to include favourites such as Mutton Biryani, Chicken Tikka Masala and several others. It will also continue to ensure that food in the hotel's daily operations is consistently of high quality.

THE UNITED STATES OF AMERICA

In the United States, International Lottery & Totalizator Systems, Inc. ("ILTS"), a subsidiary of BToto, provides secure, innovative and dependable gaming and voting processing systems to the public and private organisations throughout the world. Its subsidiary, Unisyn Voting Solutions, Inc. ("Unisyn"), develops and markets to election jurisdictions certified end-to-end OpenElect® digital optical scan election system and a full-featured Election Management Software that provides precinct tabulation, ballot review and audio voting capability.

Revenue/Profit Before Tax

ILTS posted a lower revenue and profit before tax for the financial year ended 30 April 2018 compared to the previous financial year. This was mainly attributable to higher revenue recognition in the prior financial year due to higher contract sales recognised for deliverables completed in last year with Berjaya Gia Think Investment Technology Joint Stock Company.

MANAGEMENT DISCUSSION & ANALYSIS

Prospects

ILTS will continue to explore new and emerging technologies based on the current industry developments with the intention of increasing its market share, staying competitive and exploring new markets where its core competencies can be applied. One of ILTS's corporate strategies is to pursue growth through strategic alliances to gain access to new and tactically important geographies and business opportunities, and to capitalise 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 £423.2 million compared to £428.2 million in the previous financial year, a decrease of 1.2%, mainly due to lower sales of new car units for Bentley and Maserati marques arising from run-out of certain models and the Government's negative view of diesel vehicles respectively, as well as lower used car units sold particularly in the Bentley franchise operations.

H.R. Owen sold a total of 1,185 new prestige cars in the financial year under review compared to 1,306 prestige cars sold in the previous financial year, a decrease of 9.3%. For pre-owned cars, the number of units sold decreased by 10.2% to 1,235 units compared to 1,375 units sold in the previous financial year.

Profit Before Tax

H.R. Owen's profit before tax increased by 104.5% to £6.0 million compared to £2.9 million in the previous financial year mainly due to lower cost of sales reported for the financial year under review.

Prospects

Further improvement in trading is expected in the financial year ending 30 April 2019, driven by the arrival of new vehicle models in the Aston Martin, Bentley, Ferrari, Lamborghini, and Rolls Royce franchise operations, as well as in the used car operations. Some modest improvement is expected for the aftersales operations.

BTOTO AS A GROUP

Liquidity and Financial Resources

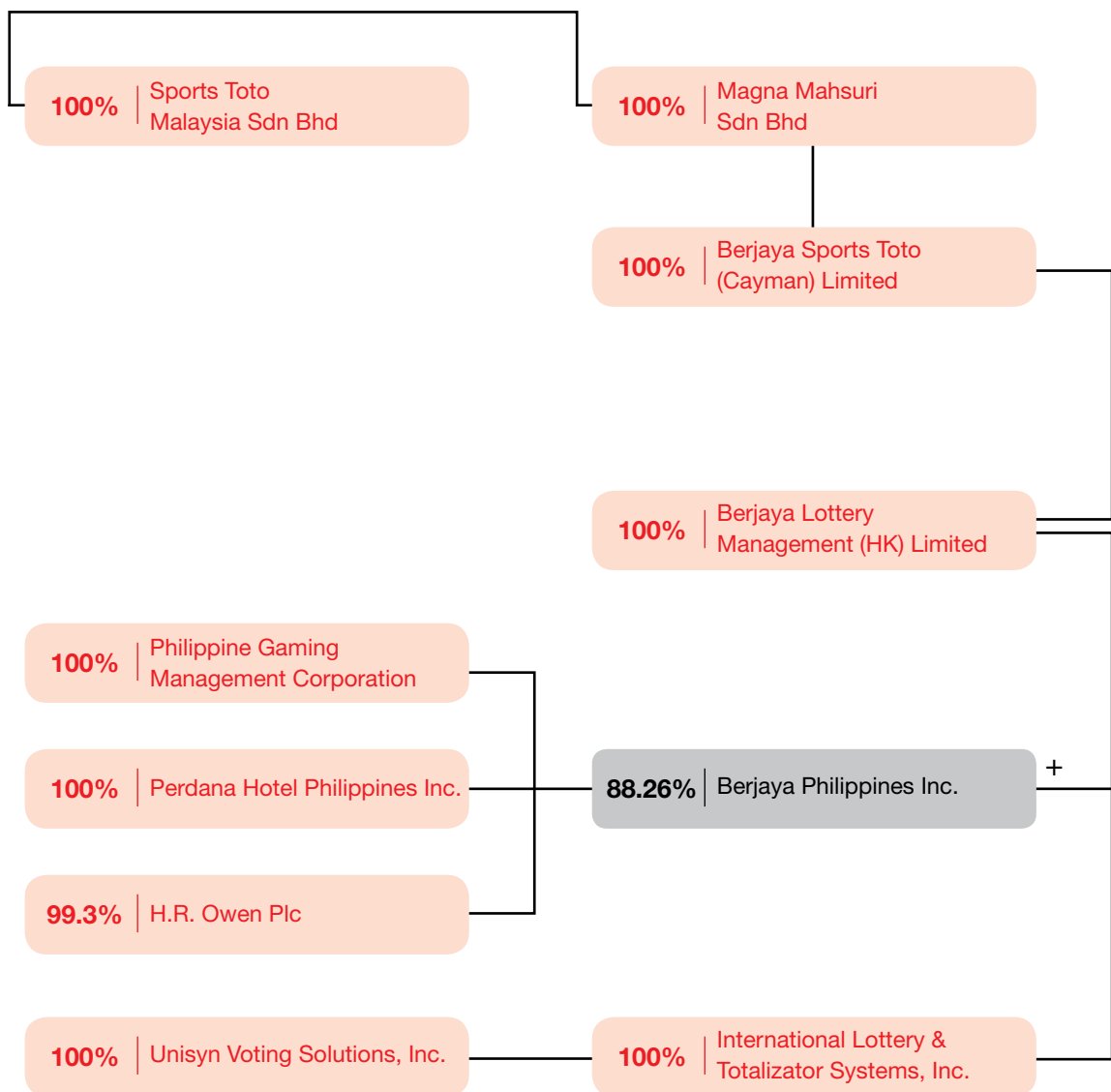
The Group retained cash and cash equivalents of RM415.3 million as at 30 April 2018 (2017: RM384.1 million) with a current ratio of 1.02 times in the financial year under review (2017: 1.06 times)

BToto's total indebtedness as at 30 April 2018, comprising borrowings, vehicle stocking loans and hire purchase payables, was RM1.158 billion (2017: RM1.145 billion). The Group's gearing ratio in this financial year under review was 1.47 times, slightly higher than 1.41 times in the previous financial year.

CORPORATE STRUCTURE

OF MAIN SUBSIDIARY COMPANIES AS AT 31 JULY 2018

BERJAYA SPORTS TOTO BERHAD



■ Listed Company
+ Combined Interest

SUSTAINABILITY STATEMENT

1. REPORTING PROFILE AND SCOPE

This is Berjaya Sports Toto Berhad's ("BToto" or "the Company") second sustainability statement released in accordance to Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide for the financial year ended 30 April 2018.

The information available in this section focuses primarily on the operations and management of economic, environmental and social sustainability of the Company for the financial year ended 30 April 2018.

With due consideration to the principal sustainable development risks and the issues of concern and interest to BToto's various stakeholder groups, the information and data contained herein were derived from internal reporting processes, systems and records and are guided by Bursa Securities' Sustainability Reporting Guide and Toolkits.

This statement on sustainability represents a reasonable view of BToto's economic, environmental and social sustainability practices with key material aspects being taken into consideration. It is mainly focused on the operations of its principal subsidiary in Malaysia, Sports Toto Malaysia Sdn Bhd ("Sports Toto"), which it has significant operational control. BToto's business operations in the Philippines, United Kingdom and United States of America are not included in the terms of social and environmental sustainability at this juncture.

2. OUR APPROACH TO SUSTAINABILITY

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

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

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

The creation of long-term value for shareholders and added value for all the Company's stakeholders



ENVIRONMENTAL SUSTAINABILITY

Striving towards reducing the Company's environmental footprint by improving on efficiency of resources and supporting conservation efforts



SOCIAL SUSTAINABILITY

Dealing with the customers and 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

SUSTAINABILITY STATEMENT

3. 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 recognises the need to conduct a continuous dialogue or discourse and information sharing with the relevant stakeholders.

In line with this 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 specialised 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	
<p>Government and Regulators</p> 	<p>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.</p>
<p>Customers</p> 	<p>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 as well.</p>
<p>Employees</p> 	<p>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 key activities, be it business or social.</p>
<p>Suppliers</p> 	<p>Regular review of major suppliers to provide service delivery feedback and areas of improvement for the mutual benefit of both parties.</p>
<p>Communities and non-governmental organisations</p> 	<p>Various community programmes driven through consultation and collaboration with non-governmental organisations ("NGOs") and charitable organisations.</p>
<p>Media</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>Investors and Stock Analysts</p> 	<p>Communication via announcements to Bursa Securities, Annual Report, 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>

COMMITMENTS TO STAKEHOLDERS

BToto's commitments to its stakeholders are outlined below:-

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

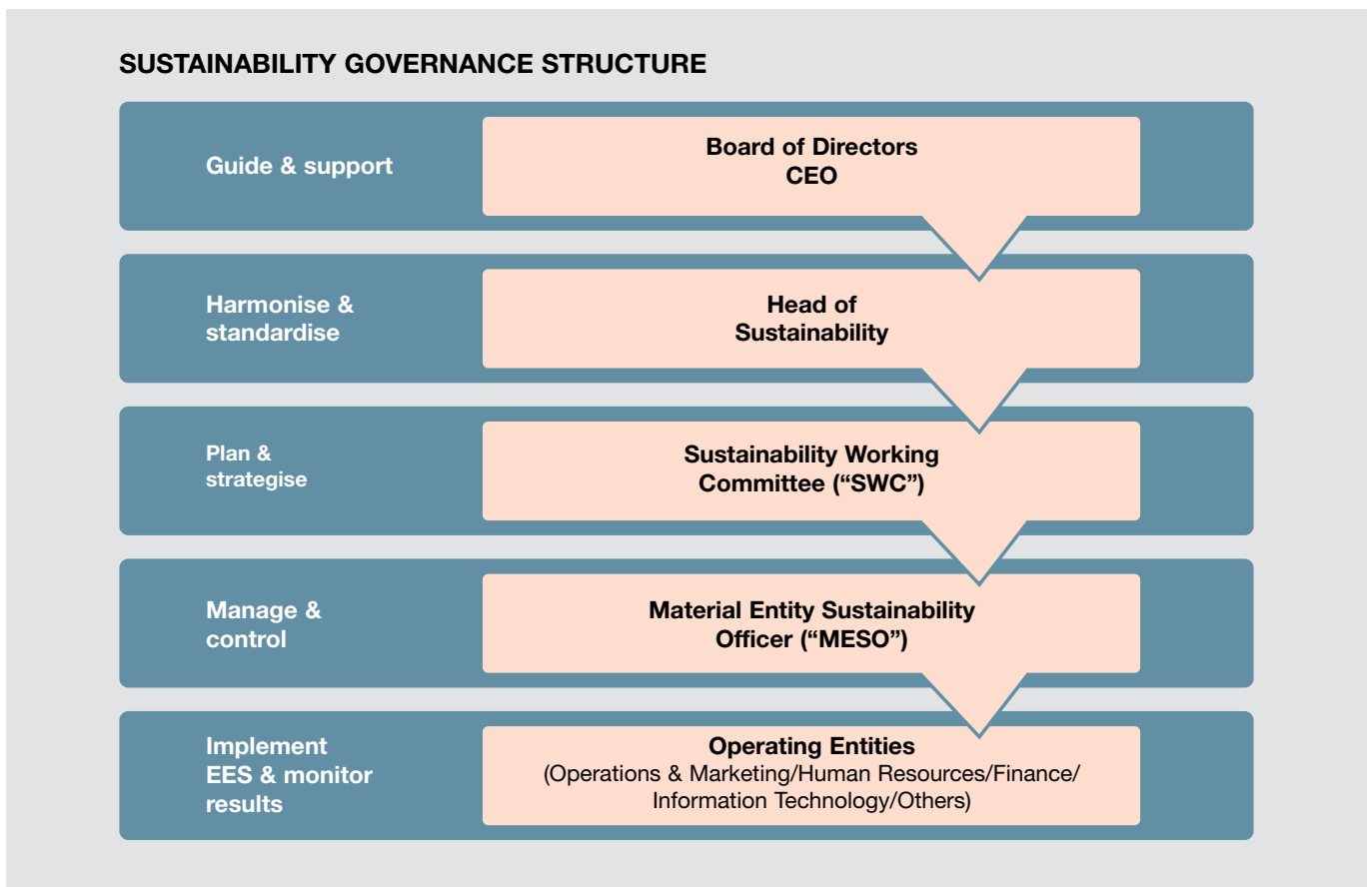
SUSTAINABILITY STATEMENT

4. 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, a 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 information related to the financial, operational, safety, health and environmental management aspects of the Company. 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: EES denotes economic, environment and social.

For more detailed information on the Company’s Corporate Governance Overview Statement and Statement on Risk Management and Internal Control, please refer to pages 36 to 53 of the BToto Annual Report 2018.

5. 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.

BToto's financial performance highlights for FYE 2018

REVENUE

RM **5.66** billion
(FYE 2017 - RM5.731 billion)



PROFIT AFTER TAX

RM **237.9** million
(FYE 2017 - RM246.7 million)



RETURN ON EQUITY

30.6 %
(FYE 2017 - 30.9%)



DIVIDEND DISTRIBUTION

RM **215.5** million
(FYE 2017 - RM188.7 million)



DIVIDEND PAYOUT RATE

93.8 %
(FYE 2017 - 79.6%)



Sports Toto 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

Through its standard operating procedures for purchasing, BToto endeavours to pursue a competitive and reliable procurement process by supporting procurement of products and services from locally established business entities.

Sports Toto procures a wide range of products and services needed for its Toto lottery operations. Its local procurement is largely conducted through a tender process managed by a tender committee, taking into consideration the need to establish a secure, reliable and cost-effective supply chain that adheres to high standards of quality and delivery.

Where local procurement is not possible, BToto will look for opportunities to procure products and services from other entities within the Company. For instance, the lottery terminals, central system and system software of the gaming segment are procured from its subsidiary company, International Lottery & Totalizator System, Inc. ("ILTS"), which is a leading supplier of lottery systems in the United States of America with more than three decades of operations.

The procurement process is important to Sports Toto's sustainability as a responsible lottery business operator and the delivery of value to its stakeholders in terms of security aspects, proprietary reasons and specialised needs of the company.

iii. Indirect Economic Impact

In creating a sustainable and productive environment in the workplace and society, BToto creates indirect economic impact through the involvement of the Company's employees.

Sports Toto has earned goodwill and acceptance as a respectable corporate entity in Malaysia through its corporate social responsibility ("CSR") programmes and other community development projects.

Sports Toto's CSR initiatives focus on the core areas of community, sports and education, helping many needy communities through the provision of monetary and non-monetary support for their various causes.

The Chinese New Year Ang Pow Donation Campaign, now in its 31st year, is Sports Toto's largest CSR initiative in reaching out to needy senior citizens nationwide.

Sports Toto is very supportive towards the development of sports in the country, and has contributed towards and participated in many community sports activities. It has also been making substantial annual contributions annually to the National Sports Council since its inception.

SUSTAINABILITY STATEMENT

More information on the CSR projects carried out by Sports Toto are included in the Community Support sub-section under the Social Sustainability section.

6. ENVIRONMENTAL SUSTAINABILITY

BToto continues to practice sustainability in its daily operations and is committed to reducing its environment footprint with effective management of paper, energy and waste.

i. Paper Usage

Sports Toto relies heavily on the supply of paper for its lottery tickets on a daily basis and a sum of RM11.9 million, representing 0.4% of the turnover, was spent on thermal tickets for the year under review. As such, the company is mindful of reducing the impact of paper consumption on natural resources. The distribution of thermal paper to Sports Toto outlets is closely monitored by its Logistics department with a computerised Ticket Roll & Inventory Tracking System to control wastage and ensure efficient and proper consumption. Recycled paper is also widely used for bet slips at the sales outlets.

ii. Energy Consumption

Even though Sports Toto's operations do not require a high level of energy and water consumption, the company aims to manage these resources efficiently as saving energy in its premises is one of the contributors to reducing its carbon footprint.

Sports Toto's energy conservation initiatives included circulating appropriate messages to employees to remind them to ensure reasonable use of energy and water in their operations to minimise wastage.

During the financial year under review, the company replaced fluorescent light tubes with energy-saving LED light tubes in its head office and computer centre. With this initiative, Sports Toto has reduced its electricity consumption by approximately 20%, and also eliminated the use of fluorescent light tubes that contain mercury, which is generally classified as hazardous waste to the environment.

iii. Waste Management

BToto continues to promote the 3R practices of 'Reduce, Reuse and Recycle' in its business units and manages waste responsibly. Various efforts have been made to reduce the amount of waste disposed such as by using recycled paper for betting slips, recycling used mail envelopes and printing on recycled paper. Old promotional materials and forms are discarded responsibly through selected disposal contractors.

7. SOCIAL SUSTAINABILITY

BToto acknowledges the importance of social sustainability by putting in place various practices related to product and service compliance, responsible marketing and communications practices, information security and privacy, public policy, customer care, and community support, among others.

i. Product and Service Compliance

Sports Toto, being a responsible gaming company, adheres to the laws and regulations set by the Ministry of Finance ("MOF") and relevant Government agencies in the course of carrying out its business operations.

Sports Toto has made a formal application to the MOF to update gaming laws in order to minimise unauthorised activities prevalent in the country. Sports Toto is also working with the enforcement authorities and local councils to curb illegal activities. In this regard, the Sabah and Sarawak local councils have to date agreed to campaign against illegal activities.

As a company mainly involved in the gaming business, maintaining a good public image at all times is essential. Sports Toto's website, www.sportstoto.com.my, carries a "Be A Responsible Player" reminder message which clearly states that Toto players must be 21 years old and above; they should bet within their financial means, and 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

Sports Toto uses marketing tools and platforms such as 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, LED display units are installed to provide information on Sports Toto's products and services, as well as CSR activities.

On air over the radio, Sports Toto supports public service announcements to inculcate good living tips or values, as well as festive greetings.

Sports Toto is constantly reviewing its customer expectations and requests. In October 2017, Sports Toto launched Star Toto 6/50, a new Lotto game replacing the Grand Toto 6/63. This product has a minimum price of RM1 with 2 jackpots and more attractive fixed prizes. During the launch period, a team of promotion personnel was stationed at all sales outlets throughout the country to responsibly educate customers about the new game.

SUSTAINABILITY STATEMENT



Star Toto 6/50 Game Product Information Flyer (English).



Star Toto 6/50 Game Product Information Flyer (Chinese).

During the financial year under review, customer service counters has been set up in Sports Toto sales offices in the various regions to enhance customer service. The Sports Toto sales offices in all regions have been given or are undergoing a major facelift to improve their exterior look and provide enhanced services.

Sports Toto sales office in Johor Bahru underwent a major facelift to incorporate the first 'concept store' in the country. Sports Toto's Head Office is currently undergoing a major facelift to portray the 'concept store' as well. The modernised lifestyle store is set to redefine Sports Toto's engagement and service support to its customers. Some of the factors taken into consideration are the usage of space for the overall flooring, lighting, LED display of draw results and jackpot updates, as well as electronic marketing and promotions materials, among others. The store also uses environmentally friendly material for its parquet flooring.

Sports Toto also has in place periodic electronic communication with its web subscribers on draw results and special draw announcements, Jackpot updates, seasonal greetings, winning stories, marketing and 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.



iii. Customer Care and Experience

To enhance customer care, Sports Toto has a Customer Service Unit to attend to customer enquiries through various communication channels, from telephone calls and mail to email correspondence, webmaster enquiries and live chats from customers.

Customers may also log in to Sports Toto's website or post messages on Sports Toto's Facebook page. 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.

The sales counters at each Sports Toto outlet have been equipped with a customer careline sticker with the careline telephone number and various interfaces for customer feedback.



SUSTAINABILITY STATEMENT

iv. Key Supply Chain

Sports Toto has an established key supply chain supplying consumable materials, system software, equipment and services for its Toto lottery business and operations. Suppliers are selected and approved by the Management upon recommendation by the Tender Committee where the amount is significant, based on their ability to provide quality supplies and services with long term support on a competitive basis.

To ensure continuity of key supply, Sports Toto has thermal paper supply agreements in place with the local supplier who has a track record of uninterrupted supply and a backup plan for alternative sources of paper materials, which is reviewed regularly by Sports Toto's management.

Sports Toto's system software and lottery terminals are supplied by ILTS and managed by Sports Toto's IT and Field Support departments, while its telecommunication channels are monitored by its Network Service department with reliable support from Telekom Malaysia, the owner of the telecommunication backbone, based on the Service Level Agreements.

v. Information Security and Privacy

As a responsible corporate citizen, information security of the company, employees and customers is of utmost importance.

In compliance with the Personal Data Protection Act 2010, Sports Toto's website carries a privacy policy (http://www.sportstoto.com.my/popup_private_policyE.asp) which explains clearly the methods and purposes of data collection and the use of customers' personal information.

Sports Toto understands the importance of privacy to its customers and has created a designated area at its head office and regional offices to offer a private and comfortable environment for customers to claim their winnings.

Sports Toto has been working to obtain World Lottery Association (WLA) compliance and ISO 2700 certification by the third quarter of 2018. Through this accreditation, Sports Toto's gaming services will adhere to the international information security best practices and standards set by WLA.

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

Information technology ("IT") integrity and cyber security are of vital importance to Sports Toto's gaming operations. To ensure system availability and continuity, Sports Toto's Information Technology Department ("ITD") continues to

maintain preventive measures in its operating systems to minimise exposure to cyber security risk. These include working constantly to identify potential vulnerabilities in Sports Toto's operating environment and provide 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, Sports Toto has in place a system to continuously identify, evaluate, monitor, manage and respond to any IT integrity or cyber security issues. For instance, during the year under review, Sports Toto's IT department upgraded its firewall security measures to support new features with threat detection and response to remedy any malware attack.

Sports Toto also constantly carries out intensive system testing and review measures to prevent unauthorised 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 threat which may cause malicious or deliberate damage of data and information.

When it comes to physical security protection, Sports Toto has enhanced the placement of security personnel and surveillance equipment to ensure the safety of the company's employees, customers and property. The security aspects of its sales offices and outlets are constantly monitored and reviewed to identify areas for improvement.

Sports Toto's fire-fighting equipment and fire alarm systems are regularly checked to ensure compliance with current safety 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. Its Standard Operating Procedures (SOPs) are constantly reviewed and updated to keep abreast with the latest trends of threats. Remedial actions are quickly identified and taken to safeguard the company's reputation, integrity and regulations.

vii. Public Policy

BToto continues to actively support and is 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 to date, Sports Toto ensures that its gaming operations are in compliance with the relevant laws concerning legal gaming operations, particularly Pool Betting Act 1967 as well as Government policies regulated by the MOF.

Sports Toto works closely and maintains good relationships with Government authorities and agencies including Bank Negara Malaysia (“BNM”), MOF, Local Councils and District Police and meets with their requirements to ensure public interest is safeguarded in the course of its daily business operations.

Sports Toto ensures that it is always in compliance with relevant laws especially anti-money laundering laws and pool betting laws. The successful annual renewal of gaming licenses by MOF, zero negative feedback from BNM or Bursa Malaysia and clean reports from its external auditors are testimony to its constant compliance and fulfilment of its 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 to avoid any legal infringement or non-compliance in its business operations, which is an offence under any relevant laws including the Malaysian Anti-Corruption Commission Act 2009.

BToto’s Risk Management Working Committee acts as a guardian of the company in safeguarding its interest against any possible crisis which may occur within or outside the Company.

All Heads of Department in Sports Toto are required to submit a risk review report every quarter in order to identify new threats which may be detrimental to the interest and operations of the company.

viii. Anti-Competition Practice

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

While the legal NFO players operate under the proper enforcement and supervision of the regulatory bodies and Government agencies like MOF, the 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.



Chinese New Year Ang Pow Donation Campaign 2018.

ix. Community Support

Under the “Helping Hands” Corporate Social Responsibility (CSR) programme with its tagline – “Sharing, Giving and Caring” - Sports Toto carried out more than 25 projects which benefitted underprivileged communities, notwithstanding the challenging economic environment during the financial year under review. Efforts to engage the community were made by way of offering monetary and non-monetary aid, learning and education opportunities, community sports as well as popular entertainment and cultural activities.

Grooming the younger generation and preserving cultures helps to create a sustainable nation. Sports Toto provides a platform for its employees to practice volunteerism and give back to society through its various CSR projects.

Community

It has been a tradition of Sports Toto to support underprivileged communities during festive occasions and various visits and events were organised during the major festive seasons in the financial year under review.

The company organised the Sports Toto Chinese New Year Ang Pow Donation Campaign for the 31st year, which benefitted more than 18,000 senior citizens from 50 cities and towns throughout the country. Being the largest charitable programme by Sports Toto, the company has spent approximately RM20 million to benefit more than 350,000 senior citizens since the inception of the campaign in 1989.

During the Ramadhan month, Sports Toto organised a goodwill visit to Hospital Bahagia in Ipoh, Perak, bringing Raya cheer to about 100 patients at the hospital.

SUSTAINABILITY STATEMENT

A group of Sports Toto employees also visited the Al Fikrah Old Folks Centre in Kajang, Selangor during the fasting month to cook and dine with the residents of the home, which gave both the residents of the home and Sports Toto employees a memorable experience.

With the help of a local NGO – Kelab Belia Tamil Bukit Beruang Melaka, Sports Toto celebrated Deepavali with the needy Indian community in Melaka by contributing household items and food to 15 needy families.

Sports Toto held a Christmas carnival for the Orang Asli in Pahang through a collaborative effort with SEMOA, an NGO founded to help and improve the living conditions of the Orang Asli community in the country.

In East Malaysia, Sports Toto also celebrated Harvest and Gawai festivals with the underprivileged children by donating a total of RM18,000 cash and goodies to 6 charitable bodies, namely, the Sabah Society for the Deaf in Lahad Datu, Sandakan and Kota Kinabalu as well as the Methodist Children’s Home in Sibul and Miri, and Salvation Army Children’s Home in Kuching.

A total of 30 Sports Toto employees also took part in the Berjaya Youth – Rise Against Hunger event to pack meals worth RM100,000 for NGOs such as the Rotary Club of Kota Kinabalu, Malaysian Red Crescent Society, MyKasih Foundation and Alliance Chin Refugees who will distribute the packed meals to the poor and needy communities.

Sports Toto supported the operation cost of five community education centres providing free English, computer and personal development lessons to underprivileged children and adults across the country. During the year under review, approximately 1,000 students have benefitted from the programme.

Sports

Sports have always been the most important aspect of the Sports Toto’s CSR initiatives since its inception, to promote a healthy lifestyle and unearth sporting talents.

Other than the substantial annual financial contribution to the National Sports Council for the development of sports in the country, Sports Toto also contributed to various local sports events. Sports Toto was the title sponsor for the Go For It! – FTKLAA Cross Country 2018, and provided sponsorship for Kuching Festival’s 3 on 3 Basketball Jamboree, Sports Toto High School Basketball Tournament, KRR Kenny Rogers Roasters Chicken Run 2017, Seremban Half Marathon, Sungai Petani Half Marathon, Sutera Harbour 7K Charity Run, Kota Kinabalu City Cycling Challenge 2017, and Penang Bridge International Marathon.



Christmas celebration with the Orang Asli community.



Champion team of the Sports Toto High School Basketball Tournament 2017.

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Sungai Petani Half Marathon 2017.



Sports Toto's Go For It! - FTKLAA Cross Country 2018.



Sports Toto won fourth place at the Dato' Theng Book Cup Malaysian Media Badminton Tournament 2017.

In encouraging its employees to live a healthy lifestyle, Sports Toto supported its employees in taking part in various running events such as the *Go For It!* – FTKLAA Cross Country, Penang Bridge International Marathon and Seremban Half Marathon, which were sponsored by the company.

Additionally, to foster a closer relationship among Berjaya employees, Sports Toto offered more than 200 employees of the Berjaya Corporation group of companies to participate in the *Go For It!* – FTKLAA Cross Country 2018, free of charge.

Sports Toto staff also formed a bowling team to take part in the Bukit Kiara Equestrian and Country Resort Bowling League as well as a badminton team that won fourth place in the Dato' Theng Book Cup Malaysian Media Badminton Tournament 2017.

In the effort to raise awareness for cancer, Sports Toto also donated RM10,000 to support the Relay for Life, a fundraising event organised by the National Cancer Society Malaysia, which required the participants to take turns walking around a track from 4pm to 12am. The track is never “left alone” to symbolise that cancer never sleeps.

SUSTAINABILITY STATEMENT



"Reading My Companion" Reading Programme 2017.

Education

BToto views the need for education as of utmost importance in the process of nation development.

In its effort to improve the learning opportunities of rural children, Sports Toto once again organised its one-month "Reading My Companion" Reading Programme 2017 to give away storybooks to 20 rural primary schools in Pahang, Perak, Negeri Sembilan, Melaka and Johor.

The reading programme, which was introduced in 2012, has benefitted more than 10,000 students from 86 rural primary schools.

Apart from giving away storybooks to the students, Sports Toto also donated storybooks to the library of each participating school. At the same time, a storytelling session was held at the schools to spread the fun of reading to the students.

Popular Entertainment and Culture

Promoting and preserving contemporary and traditional cultures has always been a part of BToto's CSR efforts.

During the financial year under review, Sports Toto continued to present "Show Time" – a nationwide series of musical roadshows aimed at providing a platform for local talents to perform in sub-urban areas as a form of entertainment for the local community.



Beach clean-up during Tioman Island Conservation Day.

Sports Toto also supported various traditional Chinese festivals such as the Pesta Tanglung in Muar, Johor, the Por Tor (Hungry Ghost Month) festival, and the Nine Emperor God Festival.

In promoting local traditional culture in Penang, Sports Toto also sponsored and took part in the Penang Chingay Parade 2017, which saw teams of Chingay performers balancing a giant flag in a procession.

Environmental Conservation

As part of its efforts to contribute to environmental protection, Sports Toto contributed RM10,000 cash to the Tioman Island Conservation Day ("TICD") for the second consecutive year to improve the growth of coral reefs around the island, clean up the beach area and raise public awareness about the importance of preserving the marine ecosystem. Sports Toto employees also participated in the event.

TICD is an annual CSR event of Berjaya Hotels and Resorts which started in 2010 with continuous commitment and support from PADI Project Aware, dive centres and enthusiastic divers from around the region and members of the media. The event attracted the participation of school children, members of the media and divers from local and abroad.

Following the success of the TICD, Sports Toto also supported the Redang Island Conservation Day (RICD) organised by The Taaras Beach and Spa Resort on Redang island in April 2018.


8. HUMAN CAPITAL

BToto centres on its guiding principles of a strong foundation and the constant synergy that exists among its diverse businesses. It is these pillars that depict its past achievements and future growth.

BToto recognises that its employees are its most valuable asset and they form the foundation of the organisation. Hence, BToto strongly believes in investing and developing its human capital to support the continued expansion and growth of the organisation.

BToto's human capital efforts are to drive people strategies, focusing on talent acquisition and development, and employee engagement and retention programmes. BToto aims to ensure that its employees are engaged, productive and competitive, while enriching its work culture and environment, distinguishing itself as an "Employer of Choice".

DELIVERABLES

	Attracting the Best Talents through Talent Acquisition Strategies
	Building a Talent Pipeline
	Developing a Performance Driven Culture
	Progressively Review and Improve Human Resource Policies, Work Environment and Work Systems
	Creating an Employee Engagement Culture
	Capitalising on HR Technology

i. Workplace

For BToto to meet its strategic objectives, attracting and retaining the right people and developing their potential skills and knowledge is one of the most critical areas undertaken by the Company.

BToto's employment practices upholds its beliefs for fair employment, diversity and inclusion, rewarding employees appropriately and helping them to achieve their current and future career aspirations and goals through customised training and development programmes.

Talent Acquisition

BToto aims to strike a balance among its many diverse industries and their human capital needs and requirements, thus it is important for its human resource division to consider the many business units and the different positions within those units. BToto aims to gain a thorough understanding of each company's business objectives, and the skills, knowledge, experiences and competencies that each position requires for success.

BToto seeks proactive, talented and highly motivated people thus its recruitment selection process takes into consideration the candidates' skills and experience through a competency-based interview process and online assessments to short-list the "right people for the right job", ensuring the best fit.

Talent Attraction

Berjaya's employer brand also helps to convey to internal and external talents what distinguishes it from its competitors. In November 2017, BToto's parent company, Berjaya Corporation Berhad ("BCorp") won a Gold Award in the prestigious "Employer of Choice" Award, conferred by the Malaysian Institute of Human Resource Management (MIHRM). Winning this award further propels the Berjaya brand locally as well as globally.

"Striving for Excellence" –

Awards won by Berjaya Corporation Berhad

2017 & 2018

- Malaysia Best Employer Brand Award 2017 – 3rd Edition
- Asia's Best Employer Brand Awards 2017 – 8th Edition
- Malaysia's 100 Leading Graduate Employers 2017
- Graduan Brand Awards 2016
- MIHRM Employer of Choice Award – Private Sector (Gold)
- MIHRM HR Leader Award 2017 – Gold
- 100 Most Influential Global HR 2018
- Malaysia Best Employer Brand Award 2018 – Hospitality Sector
- HR Leadership Award 2018 (For Excellence in HR Leadership)
- Randstad 20 Most Attractive Companies in Malaysia 2018



SUSTAINABILITY STATEMENT

Diversity and Inclusion

BToto embraces and values diversity and inclusion, leading to a better understanding of and engagement with the people it works with, the customers it serves and the communities in which BCorp operates. Furthermore, a diverse workforce and an inclusive workplace culture are attractive to potential talents and provide the Company with a competitive edge in its talent attraction and retention initiatives.

The Company also encourages an inclusive workplace where its employees feel safe and confident to contribute their views to delivering more innovative and effective business outcomes.

ii. Employee Engagement

Employee engagement is an important indicator which identifies how employees are connected to the organisation, to the extent that they contribute to the long-term health and success of the Company. Maintaining a high level of employee engagement is increasingly important for the Company in order to attract and retain talented employees and, ultimately, deliver business success.

BToto also strongly believes in driving better local communication among its business units as well as functional units through synergy meetings and capitalising on communication channels which aims to help keep its employees informed of happenings across Berjaya.

The engagement initiatives in 2017 and 2018 were focused on celebrating diversity, bringing together employees from varied backgrounds and levels and building camaraderie through activities that celebrate the major festivals in Malaysia, health-related activities and sports tournaments to boost motivation and teamwork.

Culture of Volunteerism

BToto 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 2018, a total of 339 employees participated in various charitable events across the country.

iii. Training and Development

Every employee in the organisation plays an integral role in building the organisation's success and in meeting its business objectives. As such, employees are provided equal opportunity to move up the career ladder. BToto believes that through continuous learning and upskilling of employees' competencies and knowledge, employees would be able to unleash their potential to perform better.

Talent Management

BCorp has in place a formal talent management framework which focuses on providing the appropriate learning and development opportunities for all employees, especially future leaders, which extends across its subsidiary companies, including BToto.

Berjaya's Talent Management Programmes focuses on meeting the needs of future talents and building opportunities for the growth of its current talents. These programmes are targeted to address the following areas:

Succession Planning

- Ensures that all senior critical roles have a succession plan in place for the sustainability of the Berjaya Group's significant business functions. It is essential that each subsidiary within the Berjaya Group proactively identifies its potential leadership and develops them in the capability areas required.

Building a Talent Pipeline

- Aims to identify key talents ready for a new or expanded role in their career development.

Leadership Development Programmes

- A competency-based learning approach offered to executives, middle and senior management levels respectively to equip them with the right tools and knowledge for their career success.

With the track record of success of the Berjaya Group's very own leadership development programmes - Berjaya Advanced Leadership Programme (B.ALP), Berjaya Manager Development Programme (B.MDP) and Berjaya Executive Development Programme (B.EDP), BToto continues to enroll its talents in these programmes to help them develop and reach their full potential. During the year, a total of 21 BToto employees graduated from these development programmes.

SUSTAINABILITY STATEMENT



Product training and service upselling training to Sports Toto's Customer Service Assistants.

Operational and Skills Development Training

- To continue improving its customer service levels, Sports Toto provides product training and service upselling training to its employees and agents' frontline staff. The objective of the training is to equip them with product knowledge, customer handling and selling skills. As at April 2018, Sports Toto had conducted 19 product training sessions and 20 service upselling training sessions for 932 employees as well as agents' frontline staff who play a vital role of being direct points of contact with customers.

iv. Employee Well-being

BToto provides a range of initiatives aimed to create awareness and encourage employees to make informed choices that will enhance their overall health and well-being.

Health Promotion and Prevention

Employees are BToto's most valuable asset and their health and well-being are of utmost importance. To inculcate a healthy lifestyle among employees and to promote health and wellness in the workplace, BToto employees enjoy the privilege of utilising a full facility gym, the Sports Toto Fitness Centre, which is conveniently located at Berjaya Times Square at a subsidised rate.

To increase health awareness among employees, informative health talks on various health issues and prevention measures are organised during the lunch hour.

For the prevention and early detection of any sicknesses, employees are encouraged to get yearly health screening/health checks by utilising the balance of their yearly clinical outpatient entitlement at selected panel clinics which offer special staff rates.

Employee Benefits

As a caring employer, BToto strives to provide better benefits and welfare to its employees. Thoughtful consideration is given to employees' needs, starting from their basic needs such as health care to their lifestyle needs such as hotel stay privileges.

During the year, the Company increased the daily room and board rate for the Group Hospitalisation and Surgical Insurance policy and continue to offer special staff rates for stays in Berjaya Hotels and Resorts.

BToto also conducts periodic surveys concerning benefits to enhance and align the existing benefits to employees' needs.

Staff Welfare Fund

BToto continues to provide financial assistance to employees and their immediate family members to alleviate their financial burden in time of crisis, i.e. to cover medical expenses incurred by the employee/employee's immediate family members or in the event that the home of an employee is affected by fire or a natural disaster.

v. Employee Health and Safety

Occupational Health, Safety at the Workplace

BToto strives to continuously improve and fully integrate health, safety and environmental sustainability in all aspects of its operations.

In ensuring compliance with legal requirements and its commitment to provide its staff, contractors and others a healthy and safe environment, BToto promotes a proactive safety, occupational, health and environment philosophy and adopt best practices in building and maintaining a safe working environment.

Various initiatives have been taken in setting and communicating the importance of health, safety and environmental awareness to employees. In line with the objective to continuously raise health and safety awareness, several awareness talks and trainings were held in 2017. The topics covered included prevention of fire, prevention of falls, prevention of commuting accident and emergency preparedness and response.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Berjaya Sports Toto Berhad (“the Company”) recognises the importance of corporate governance towards promoting business prosperity and corporate accountability to protect and enhance shareholders’ value as well as the interest of the Company.

The Board is also committed in ensuring that the Group carries out its business operations within the required standards of corporate governance as set out in the new Malaysian Code on Corporate Governance (“MCCG”).

The Board is pleased to provide an overview of the corporate governance (“CG”) practices, which made reference to the three key CG principles as set out in the MCCG throughout the financial year ended 30 April 2018 (“FYE 2018”) unless otherwise stated, which are as follows:-

- (a) Principle A : Board Leadership and Effectiveness;
- (b) Principle B : Effective Audit and Risk Management; and
- (c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG overview statement, approved by the Board, shall be read together with the CG Report 2018 (“CG Report”) of the Company which is available on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”) at www.bursamalaysia.com.

The CG Report provides the details on how the Company has applied each Practice, any departures thereof and the alternative measures being in place within the Company during the FYE 2018. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2018 save for the exceptions which are fully described in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has overall responsibility for the proper conduct of the Company’s business and the strategic direction, development and control of the Group. The Board has formally adopted a Board Charter which sets out the roles and responsibilities of the Board and the Management to ensure accountability. The Board Charter is available on the Company’s website at 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.

Chairman and Chief Executive Officer

During the financial year ended 30 April 2018, the Board is led by the Chairman, Mr Cheah Tek Kuang, an Independent Non-Executive Director of the Company. The Chairman is responsible to ensure that he will preside at all Board meetings and general meetings of the Company. The Chairman is also responsible for providing leadership as well as to ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

The Board has delegated the day-to-day affairs of the Group’s business to the Chief Executive Officer (“CEO”) of the Company, Dato’ Sri Robin Tan Yeong Ching. Subsequent to the financial year ended 30 April 2018, Dato’ Sri Robin Tan Yeong Ching has relinquished his position as the CEO of the Company upon his resignation as a Director of the Company on 1 June 2018. Ms Nerine Tan Sheik Ping was then promoted as the CEO of the Company on even date.

Subsequent to the financial year ended 30 April 2018, Tan Sri Dato’ Seri Tan Kok Ping was appointed as Chairman of the Company with effect from 1 August 2018 consequent upon the resignation of Mr Cheah Tek Kuang as Director on even date.

The CEO holds the primary executive responsibility for the Group’s business performance and to manage the Group in accordance with the strategies and policies approved by the Board. The CEO will focus on the business and leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group. The CEO may delegate appropriate functions to any member of the Senior Management reporting to the CEO.

The CEO and Management meet regularly to review and monitor the performance of the Group’s operating divisions. The CEO briefs the Board on the Group’s business operations and Management’s initiatives during the quarterly Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Separation of Positions of the Chairman and Chief Executive Director

The Chairman and the CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO with clear division of responsibilities have ensured the balance of the power and authority and that no one has unfettered control of the Board. The roles and responsibilities of the Chairman and CEO have been formalised in the Board Charter of the Company.

Non-Executive Directors

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

In addition, the Non-Independent Non-Executive Directors on the Board will also help to provide views and contributions from a different perspective as they are not involved in the day-to-day operations of the Group.

Board Committees

The Board has established and is supported by the following Board Committees which consist of a majority of Independent Non-Executive Directors to provide independent oversight of management and to ensure that there are appropriate checks and balances in discharging its oversight function:-

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

The Board Committees have their roles and functions, written terms of reference and authorities 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.

Company Secretary

The Board is supported by the Company Secretaries, who are members of the professional body namely, The Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified under the Companies Act 2016. The Company Secretaries play an important role in facilitating the overall compliance with the Companies Act 2016, Main Market Listing Requirements of Bursa Securities and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their terms of reference and best practices and ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Meeting and Meeting Materials

In order to discharge their responsibilities effectively, the Board meet regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively 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 approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

Prior to the Board Meeting, the Directors will be provided with the relevant agenda and Board papers five (5) business days' notice to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others the minutes of preceding meetings of the Board and Board Committees, summary of dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

In addition, there is a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. The Board will ensure that the strategic plans of the Company and the Group supports long term value creation, including strategies on economic, environmental and social considerations underpinning sustainability as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and any new major ventures.

Access to information and advice

The Directors have unrestricted access to the advice and services of the Company Secretaries and Senior Management staff in the Group to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

Board Charter, Ethical Standards through Code of Ethics, Code of Conduct and Whistleblowing Policy and Procedures

The Board has the following in place:-

(a) Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board. The Board Charter is subject to review by the Board annually to ensure that it remains consistent with the Board's roles and responsibilities as well as the prevailing legislation and practices. The Board Charter was recently reviewed on 18 June 2018 and a copy is available on the Company's website at www.berjaya.com.

(b) Code of Ethics for Director

The Board has also 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 to promote ethical conduct of the Directors.

(c) Code of Conduct and Business Ethics

The Group has established and adopted a Code of Conduct covering Business Ethics, workplace safety and employees' personal conduct for all employees of the Company and all of its subsidiaries and associates. This is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation. All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Company.

The Board will periodically review the Code of Conduct and the Code of Conduct is available on the Company's website at www.berjaya.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(d) Whistleblowing Policy and Procedures

The Group acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Group has in place a Whistleblowing Policy which serves as an internal disclosing channel in relation to whistleblowing at work place to enable employees to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct at the workplace on a confidential basis and pursuant to the Malaysian Whistleblower Protection Act 2010 or other similar law prevailing in other countries where the subsidiary companies are located, without fear of any form of victimization, harassment, retribution or retaliation.

The Whistleblowing Policy, underlining its protection and reporting channels, is available on the Company's website at www.berjaya.com.

Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environment, social and governance 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 long term sustainable balance between meeting its business goals, preserving the environment to sustain the ecosystem and the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the communities in which it operates, the environment and the employees is set out in the Sustainability Statement in this Annual Report.

Board Composition

The Board composition of the Company represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities. As at 30 April 2018, the Board has eight (8) members comprising the CEO, two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors (including the Chairman).

Subsequent to the financial year ended 30 April 2018, Dato' Sri Robin Tan Yeong Ching has resigned as a Director and CEO of the Company on 1 June 2018 and Ms Nerine Tan Sheik Ping has been promoted to CEO of the Company on even date. In addition, Freddie Pang Hock Cheng has also retired as a Non-Independent Non-Executive Director of the Company on 1 June 2018.

Subsequently, Tan Sri Dato' Seri Tan Kok Ping was appointed as a Non-Independent Non-Executive Director and the Chairman of the Company on 1 August 2018 in place of Mr Cheah Tek Kuang who resigned as an Independent Non-Executive Director and Chairman of the Company on 1 August 2018.

The profiles of the current Directors of the Company are set out in pages 3 to 5 of this Annual Report.

The composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one-third (1/3) of its members to be Independent Directors.

The Board noted that Practices 4.1 and 4.2 of the MCCG has recommended for at least half of the Board members to be independent directors and the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. For Large Companies, the Board shall comprise a majority of Independent Directors.

Based on the review of the Board's composition and assessment of individual Directors during the financial year ended 30 April 2018, the Board is satisfied that the Independent Directors are able to exercise independent and objective judgement and act in the best interests of the Company even though they do not form a majority of the Board members. As at the date of this Statement, none of the Independent Directors has served the Board for more than nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The current Directors of the Company as at the date of this Statement are as follows:-

Name	Designation
Tan Sri Dato' Seri Tan Kok Ping	Chairman/Non-Independent Non-Executive Director
Nerine Tan Sheik Ping	Chief Executive Officer
Seow Swee Pin	Executive Director
Chan Kien Sing	Non-Independent Non-Executive Director
Datuk Robert Yong Kuen Loke	Independent Non-Executive Director
Dato' Oon Weng Boon	Independent Non-Executive Director

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 takes 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 work place 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.

Currently, the Board has one (1) female Director namely, Ms Nerine Tan Sheik Ping.

The Board has in place a Diversity Policy for the Company and a copy is available on the Company's website at www.berjaya.com.

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 30 April 2018, the Board met five (5) times and the attendance record of the Directors at the Board meetings were as follows:-

Directors	Attendance
Cheah Tek Kuang # (<i>Resigned on 1 August 2018</i>)	5/5
Dato' Sri Robin Tan Yeong Ching (<i>Resigned on 1 June 2018</i>)	4/5
Seow Swee Pin	5/5
Nerine Tan Sheik Ping	4/5
Chan Kien Sing	5/5
Freddie Pang Hock Cheng (<i>Retired on 1 June 2018</i>)	4/5
Dato' Dickson Tan Yong Loong (<i>Retired on 11 October 2017</i>)	3/3*
Datuk Robert Yong Kuen Loke #	5/5
Dato' Oon Weng Boon #	5/5

Notes:

Independent Non-Executive Director

* *Reflects the attendance and the number of Meetings held during the financial year since the Director held office*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. They are required to notify the Chairman of the Board before accepting any new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of 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 regularly updated by the Company Secretaries on the latest update/amendments to the relevant regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

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">- Directors In-House Training on "Companies Act 2016"- CFA Society Malaysia 020 Talk 2018- MIA Recent Tax Disputes and Directors Responsibilities in Present Regime
Dato' Sri Robin Tan Yeong Ching	<ul style="list-style-type: none">- Forbes Asia Forum: The Next Tycoons – A Generation Emerges- Corporate Governance Breakfast Series with Directors: MCCG Reporting & CG Guide
Seow Swee Pin	<ul style="list-style-type: none">- APLA Regional Conference 2017, Auckland- Corporate Governance: Board Effectiveness Best Practices, Makati City, Philippines- Corporate Governance Breakfast Series with Directors: MCCG Reporting & CG Guide
Nerine Tan Sheik Ping	<ul style="list-style-type: none">- Corporate Governance Breakfast Series with Directors: Thought leadership session for Directors "Leading Change @ The Brain"
Chan Kien Sing	<ul style="list-style-type: none">- MIA International Accountants Conference 2017
Freddie Pang Hock Cheng	<ul style="list-style-type: none">- The New Malaysian Code on Corporate Governance – "How to Walk the Talk"- Bursa Fraud Risk Management Workshop
Datuk Robert Yong Kuen Loke	<ul style="list-style-type: none">- 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
Dato' Oon Weng Boon	<ul style="list-style-type: none">- Bursa Fraud Risk Management Workshop- The Company Director – Expanded Duties & Responsibilities under Companies Act 2016

The Board will, on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Appointment to the Board

The Company has a Nomination Committee, which comprises exclusively Non-Executive Directors and majority of whom are Independent Non-Executive Directors. The members are as follows:-

Datuk Robert Yong Kuen Loke - Chairman/Senior Independent Non-Executive Director
(Re-designated on 1 August 2018)

Dato' Oon Weng Boon - Independent Non-Executive Director

Tan Sri Dato' Seri Tan Kok Ping - Non-Independent Non-Executive Director
(Appointed on 1 August 2018)

Cheah Tek Kuang - Chairman/Senior Independent Non-Executive Director
(Resigned on 1 August 2018)

Subsequent to the financial year ended 30 April 2018 and following the changes in the Board as explained under Board Composition above, Datuk Robert Yong Kuen Loke and Tan Sri Dato' Seri Tan Kok Ping have been re-designated/appointed as the Chairman and member respectively of the Nomination Committee on 1 August 2018. The Chairman of the Nomination Committee, Datuk Robert Yong Kuen Loke has also been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed on even date.

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out in its Terms of Reference, which is available on the Company's website at www.berjaya.com.

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, major shareholders, independent search firms and/or other independent sources;
2. In evaluating the suitability of candidates for appointment 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 candidates' independence;
3. Recommendation shall then 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.

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 issued by Bursa Securities. 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.

During the financial year ended 30 April 2018, the Nomination Committee carried out the following activities:

- 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;
- recommending Directors who are retiring and being eligible for re-election;
- reviewed the performance of the Audit Committee and its members; and
- reviewed the Board Diversity Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Re-election 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 at least one-third of the Directors are subject to retirement by rotation at each AGM and that all Directors shall retire once in every three years, and are eligible to offer themselves for re-election. The Articles of Association also provides that a Director who is appointed since the Company’s last AGM in 2017 shall be subject to re-election at the next AGM to be held following his appointment.

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

At the forthcoming AGM, the Directors who will retire by rotation and eligible for re-election pursuant to Article 98(A) of the Company’s Articles of Association are Datuk Robert Yong Kuen Loke and Nerine Tan Sheik Ping. The new Director namely, Tan Sri Dato’ Seri Tan Kok Ping, who was appointed on 1 August 2018, will also retire and be eligible for re-election at the forthcoming AGM pursuant to Article 98(E) of the Company’s Articles of Association.

Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term of twelve (12) years. However, the retention of Independent Directors who have served a cumulative term of nine (9) years shall be subject to annual shareholders’ approval in line with the best practice of the MCGG.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years.

The calibre, qualification, experience and personal qualities, particularly of the Director’s integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgment during Board deliberations and decision making.

Annual Assessment of Independence

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 judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, has assessed the independence of its Independent Non-Executive Directors namely, Mr Cheah Tek Kuang, Datuk Robert Yong Kuen Loke and Dato’ Oon Weng Boon based on criteria set out in the Main Market Listing Requirements of Bursa Securities. Mr Cheah Tek Kuang has resigned as an Independent Non-Executive Director on 1 August 2018.

The Independent Directors of the Company have fulfilled the criteria of “independence” as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities. The Company has also fulfilled the requirement to have at least one-third of its Board members to be Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration Policies and Procedures

The Company has a Remuneration Committee which comprises exclusively Non-Executive Directors and majority of whom are Independent Non-Executive Directors. The members are as follows:-

Dato' Oon Weng Boon <i>(Re-designated on 1 August 2018)</i>	- Chairman/Independent Non-Executive Director
Datuk Robert Yong Kuen Loke <i>(Appointed on 1 June 2018)</i>	- Independent Non-Executive Director
Tan Sri Dato' Seri Tan Kok Ping <i>(Appointed on 1 August 2018)</i>	- Non-Independent Non-Executive Director
Dato' Sri Robin Tan Yeong Ching <i>(Resigned on 1 June 2018)</i>	- Chief Executive Officer
Cheah Tek Kuang <i>(Resigned on 1 August 2018)</i>	- Chairman/Independent Non-Executive Director

Subsequent to the financial year ended 30 April 2018 and following the changes in the Board as explained under Board Composition above, Dato' Oon Weng Boon, Datuk Robert Yong Kuen Loke and Tan Sri Dato' Seri Tan Kok Ping have been re-designated/appointed as the Chairman and members respectively of the Remuneration Committee.

The composition, authority as well as the duties and responsibilities of the Remuneration Committee are set out in its Terms of Reference which is available on the Company's website at www.berjaya.com.

The Board has adopted a Remuneration Policy to support the Directors and Key Senior Management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and Key Senior Management who will manage and drive the Company's success.

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

The remuneration of Key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

Both the remuneration of Executive Directors and Key Senior Management are structured to link rewards to the achievement of individual and corporate performance.

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

The Board will periodically review the Remuneration Policy and a copy is available on the Company's website at www.berjaya.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of Directors' remuneration paid or payable to all Directors of the Company (both the Company and the Group) and categorised into appropriate components for the financial year ended 30 April 2018 are as follows:-

Company	RM					
	Fees	Salaries	Bonus	Benefits in-kind	Other Emoluments	Total
Executive						
Dato' Sri Robin Tan Yeong Ching	-	-	-	-	-	-
Seow Swee Pin	-	-	-	-	-	-
Nerine Tan Sheik Ping	-	-	-	-	-	-
Non-Executive						
Cheah Tek Kuang	45,000	-	39,000	24,600	509,566	618,166
Datuk Robert Yong Kuen Loke	45,000	-	13,000	18,300	175,286	251,586
Dato' Oon Weng Boon	45,000	-	-	-	9,000	54,000
Chan Kien Sing	45,000	-	20,000	-	276,346	341,346
Freddie Pang Hock Cheng	45,000	-	-	-	4,000	49,000
Dato' Dickson Tan Yong Loong <i>(retired on 11 October 2017)</i>	-	-	-	-	60,043	60,043
	225,000	-	72,000	42,900	1,034,241	1,374,141

Group	RM					
	Fees	Salaries	Bonus	Benefits in-kind	Other Emoluments	Total
Executive						
Dato' Sri Robin Tan Yeong Ching	-	2,896,548	362,069	35,200	1,824,457	5,118,274
Seow Swee Pin	64,496	978,824	240,000	22,200	236,204	1,541,724
Nerine Tan Sheik Ping	-	960,000	225,000	14,200	143,060	1,342,260
Non-Executive						
Cheah Tek Kuang	45,000	-	39,000	24,600	509,566	618,166
Datuk Robert Yong Kuen Loke	45,000	-	13,000	18,300	175,286	251,586
Dato' Oon Weng Boon	45,000	-	-	-	9,000	54,000
Chan Kien Sing	45,000	-	20,000	-	276,346	341,346
Freddie Pang Hock Cheng	45,000	-	-	-	4,000	49,000
Dato' Dickson Tan Yong Loong <i>(retired on 11 October 2017)</i>	-	-	-	-	60,043	60,043
	289,496	4,835,372	899,069	114,500	3,237,962	9,376,399

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration of Key Senior Management

The number of top three (3) Key Senior Management and their total remuneration from the Group categorised into the various bands are as follows:-

	Number of Key Senior Management
RM300,001 - RM350,000	1
RM350,001 - RM400,000	1
RM10,350,001 - RM10,400,000	1
	<hr/>
	3

Although the MCCG provides that the Company should disclose the detailed remuneration of the top Senior Management on a named basis, the Board has opined that it is not in the best interest of the Company to make such disclosures on the remuneration of the Senior Management due to the sensitivity of their remuneration package, privacy, competition and issue of staff poaching.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee of the Company comprises exclusively Non-Executive Directors and majority all of whom are Independent Non-Executive Directors. The members are as follows:-

- Dato' Oon Weng Boon - Chairman/Independent Non-Executive Director
(Re-designated on 18 December 2017)
- Datuk Robert Yong Kuen Loke - Independent Non-Executive Director
- Tan Sri Dato' Seri Tan Kok Ping - Non-Independent Non-Executive Director
(Appointed on 1 August 2018)
- Cheah Tek Kuang - Chairman/Independent Non-Executive Director
(Resigned on 1 August 2018)

Subsequent to the financial year ended 30 April 2018 and following the changes in the Board as explained under Board Composition above, Tan Sri Dato' Seri Tan Kok Ping has been appointed as a member of the Audit Committee on 1 August 2018.

The Chairman of the Audit Committee is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the Audit Committee are set out in its Terms of Reference ("TOR") and a copy is available on the Company's website at www.berjaya.com.

The members of the Audit Committee possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the Audit Committee. In addition, the Audit Committee members are literate in financials and are able to understand, analyse and challenge matters under purview of the Audit Committee including the financial reporting process.

The Board is assisted by the Audit Committee to oversee the Group's and Company's financial reporting process and the quality of financial reporting and 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 and Company'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 financial position, financial performance and cash flows of the Group and of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition, the Audit Committee reviews the annual financial statements and quarterly financial results before they are submitted to the Board for approval.

Besides overseeing the Group's accounting and financial reporting process, Audit Committee is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, to oversee and monitor the Group internal audit functions, reviews any related party transactions, oversees recurrent related party transactions, risk management activities and other activities such as governance matters. A full Audit Committee Report detailing its composition and a summary of activities during the financial year is set out in pages 54 to 57 of this Annual Report.

The performance of the Audit Committee is reviewed annually by the Nomination Committee. The evaluation covered aspects such as the members' financial literacy levels, its quality and composition, skills and competencies and the conduct and administration of the Audit Committee meetings.

Based on the evaluation, the Nomination Committee concluded that the Audit Committee has been effective in its performance and has carried out its duties in accordance with its TOR during the financial year ended 30 April 2018.

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.

The Audit Committee has adopted an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the Audit Committee to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditors, assessment of External Auditors, independence of External Auditors, non-audit services including the need to obtain approvals from the Chief Financial Officer (if any)/ Executive Director/ Head of Group Accounts or the Audit Committee for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA policy also included a requirement for a former audit partner to observe a cooling-off period for at least two (2) years before they can be considered for appointment as a member of the Audit Committee and/or the Board.

The Board has delegated to the Audit Committee to perform an annual assessment on the quality of the audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standards 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.

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 in 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year, the amount of statutory audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the financial year ended (“FYE”) 30 April 2018 were as follows:-

	Company		Group	
	FYE2018 RM'000	FYE2017 RM'000	FYE2018 RM'000	FYE2017 RM'000
Statutory audit fees paid/payable to:-				
- Ernst & Young (“EY”) Malaysia	112	105	353	310
- Affiliates of EY Malaysia	-	-	33	74
Total (a)	112	105	386	384
Non-audit fees paid/payable to:-				
- EY Malaysia	7	6	7	6
- Affiliates of EY Malaysia	5	5	34	33
Total (b)	12	11	41	39
% of non-audit fees (b/a)	10.71%	10.48%	10.62%	10.16%

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 the re-appointment of the External Auditors to the Board. The Board upon acceptance of the recommendation, will then seek approval from the shareholders on the re-appointment of the External Auditors at the AGM.

Risk Management and Internal Control

The Board is responsible for the Group’s risk management framework and system of internal control and for reviewing their adequacy and integrity. Accordingly, the Directors are required to ensure that an effective system of internal control, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines is in place within the Group.

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 the Company’s assets and the shareholders’ investments, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Risk Management Committee currently comprises a majority of Independent Directors as follows:-

Datuk Robert Yong Kuen Loke - Chairman/Independent Non-Executive Director
(Re-designated on 1 August 2018)

Dato' Oon Weng Boon - Independent Non-Executive Director

Seow Swee Pin - Executive Director

Cheah Tek Kuang - Chairman/Independent Non-Executive Director
(Resigned on 1 August 2018)

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 pages 51 to 53 of the Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

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.

Currently, the Company's various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, general meetings of shareholders and through the Company's website at www.berjaya.com where shareholders can have easy access to the Company's corporate information such as the Board Charter, Terms of Reference of the Board Committees, Company Policies, press releases, financial information, Company announcements and others.

The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decisions.

Conduct of General Meetings

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 External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders in connection with the Audited Financial Statements.

The Chairman as well as the Chief Executive Officer will respond to shareholders' questions at the AGM. The Executive Director and other Directors will also respond when required. The Notice and agenda of AGM together with Form of Proxy are given to shareholders at least twenty-eight (28) days before the AGM, which gives sufficient time to prepare themselves to attend the AGM personally or to appoint a proxy to attend and vote on their behalf. Each item of the special business included in the Notice of AGM is accompanied by an explanatory statement on the proposed resolution to facilitate the full understanding and evaluation of issues involved.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Poll Voting

All the resolutions passed by the shareholders at the previous AGM held on 11 October 2017 were voted by way of a poll in accordance with the Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities. The shareholders were briefed on the voting procedures by the Share Registrar namely, Berjaya Registration Services Sdn Bhd while the results of the poll were verified and announced by the independent scrutineer, Messrs LT Lim & Associates.

The Company Secretaries will announce the poll results of the AGM with details on the number of votes cast for and against for each resolution and the respective percentage on the same day to Bursa Securities. The minutes of the AGM will also made available on the Company's website after it has been confirmed and signed by the Chairman of the AGM.

The Company may consider adopting the electronic voting moving forward to facilitate a more efficient voting process and to ensure that the voting results are transparent and accurate. Pursuant to Practice 12.3 of the MCCG, the Company will also explore the use of technology to facilitate the voting in absentia and/or remote shareholders' participation at general meetings, taking into consideration the number of shareholders, the accuracy and stability of such technologies, applicable laws and regulations and the cost and resources required vis-à-vis the benefits.

This CG Overview Statement was approved by the Board of Directors of the Company on 6 August 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Berjaya Sports Toto Berhad (“BToto” or “the Group”) is committed to maintaining a sound system of risk management and internal control to provide a platform for the Group’s business objectives to be achieved. The Board sets out below the nature and scope of the risk management and internal controls of the Group.

RESPONSIBILITY

The Board of BToto recognises that it is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. The Board’s responsibility in relation to the system of internal control extends to all subsidiaries of the Group. In view of the limitations that are inherent in any system of internal control, the Group’s internal control system is designed to manage and achieve its business objectives. As such, the system can only provide reasonable assurance against material misstatement or loss.

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.

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.

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 practise ‘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.

RISK MANAGEMENT

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 on 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.

The key aspects of the risk management process are as follows:

- The business units are required to identify the risks relevant to their businesses;
- The risks are then assessed based on the probability of their occurrence as well as their impact to the business units and are evaluated accordingly. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence;
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically; and
- On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the RMC for review and deliberation.

During the financial year ended 30 April 2018, 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 members of the RMC are Mr. Cheah Tek Kuang (Chairman), Datuk Robert Yong Kuen Loke, Dato' Oon Weng Boon and Mr. Seow Swee Pin. Following the resignation of Mr. Cheah Tek Kuang on 1 August 2018, Datuk Robert Yong Kuen Loke has been appointed as the Chairman of RMC effective 1 August 2018.

The RMC terms of reference include, inter alia:

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

WHISTLEBLOWING POLICY

The Group has in place a whistleblowing policy, designed to enable all its employees (including Directors) with the appropriate mechanisms to confidentially provide information in an independent and unbiased manner, on any genuine concerns, without fear of recrimination so as to enable prompt corrective action to be taken where appropriate.

INTERNAL CONTROL PROCESSES

The key aspects of the internal control process are as follows:

- The business units identify the areas of control relevant to their business, design the internal control procedures and document the procedures in manuals;
- The internal auditors of the Group establish the annual audit plan and table the plan to the Audit Committee ("AC") for approval; and
- The internal auditors perform the audit and present their audit reports to the AC, highlighting any shortcomings by the business units in implementing the controls and the remedial procedures implemented by the business units.

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 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, on areas for improvement identified during the course of their audit. 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 holds private meetings with the external auditors to have exchange of views on any areas that require their attention. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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, 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 Board also reviews the minutes of the AC's meetings. The Audit Committee Report is set out on pages 54 to 57 of the Annual Report.

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 timely financial and operations reports, and scheduled management meetings;
- Centralised human resource function which outlines procedures for recruitment, training, appraisal and the reward system;
- Structured procurement function to ensure approval procedures are adhered to;
- 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.

REVIEW BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on the Statement on Risk Management and Internal Control ("SRMIC") pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (previously the Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the SRMIC included in the Annual Report issued by the Malaysian Institute of Accountants), for the year ended 30 April 2018, and reported to the Board that nothing has come to their attention that causes them to believe the SRMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SRMIC: Guidelines for Directors of Listed Issuers, nor is the SRMIC factually inaccurate. AAPG 3 does not require the auditors to consider whether the Directors' SRMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

CONCLUSION

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 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 2018.

AUDIT COMMITTEE MEMBERS AND MEETING ATTENDANCES

The members of the Audit Committee comprise the following:-

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

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

Tan Sri Dato’ Seri Tan Kok Ping - *Non-Independent/Non-Executive Director*

The Audit Committee held five (5) meetings during the financial year ended 30 April 2018. The details of attendance of the Audit Committee members are as follows:

Name	Attendance
Dato’ Oon Weng Boon @	5/5
Datuk Robert Yong Kuen Loke	5/5
Tan Sri Dato’ Seri Tan Kok Ping *	*
Cheah Tek Kuang #	5/5

@ Dato’ Oon Weng Boon was appointed as a member of the Audit Committee with effect from 27 February 2014, and subsequently was re-designated as the Chairman of the Audit Committee with effect from 18 December 2017.

* Subsequent to the financial year ended 30 April 2018, Tan Sri Dato’ Seri Tan Kok Ping was appointed as a member of the Audit Committee with effect from 1 August 2018.

Subsequent to the financial year ended 30 April 2018, Mr Cheah Tek Kuang has ceased to be the member of the Audit Committee of the Company with effect from 1 August 2018.

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 Chief Executive Officer, the Executive Director, 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. In addition, the senior management of the relevant operations was also invited to provide clarification on the follow-up audit review and the adequacy on internal controls of the issues arising from the audit reports.

AUDIT COMMITTEE REPORT

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.

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
19 June 2017	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 April 2017
20 September 2017	First quarter results for financial year ended 30 April 2018
18 December 2017	Second quarter results for financial year ended 30 April 2018
16 March 2018	Third quarter results for financial year ended 30 April 2018

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 Main Market 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 2017 together with the Management and the External Auditors at its meeting held on 31 July 2017 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 2017 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 2018 at its meeting held on 31 July 2017.
- (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 31 July 2017 without the presence of Management during the review of the audited financial statements for the year ended 30 April 2017 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 2018, their audit plan in respect of the financial year end of 30 April 2018, 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.

AUDIT COMMITTEE REPORT

Internal Audit

- (a) Reviewed eight (8) Internal Audit reports on the Company's operating subsidiaries namely Sports Toto, Philippine Gaming Management Corporation, International Lottery & Totalizator Systems, Inc. and H.R. Owen Plc 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, major operating expenses and capital expenditures, finance, information technology, credit control, vehicle inventory, general security of the premises and general observations relating to the operating conditions of the premises.
- (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 2019 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).

AUDIT COMMITTEE REPORT

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 2017 Annual Report.
- (b) Reviewed and recommended to the Board for approval the revised Terms of Reference of the Audit Committee following the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which took effect from 2 January 2018 and the new Malaysian Code on Corporate Governance (“MCCG”) as follows:-
 - (i) Inclusion of a statement that requires a former key audit partner to observe a cooling-off period of at least two-year before being appointed as a member of the Audit Committee.
 - (ii) Inclusion of responsibilities of the Chairman of the Audit Committee.
 - (iii) Enhancement of authority and duties of Audit Committee.
- (c) Reviewed and took note of the changes and amendments to the Companies Act 2016, the new MCCG, Malaysian Financial Reporting Standards and other regulatory requirements tabled by the Company Secretary and External Auditors.
- (d) Reviewed the analysis of the MCCG prepared by the Company Secretary on the Practices of the MCCG which related to the roles and responsibilities of the Audit Committee in carrying out their duties in preparing the Corporate Governance Report and the action plan to improve the gap of the Practices of MCCG.
- (e) Reviewed and approved the External Auditors Policy of the Company which encompassed the appointment of External Auditors, assessment of External Auditors, independence of the External Auditors, non-audit services, annual reporting, rotation of external audit engagement partner and appointment of a former key audit partner as a member of Audit Committee and/or Director in order to govern the assessment and monitor the External Auditors.

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 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, the principal operating subsidiary of the Group which is involved in the gaming operations.

During the financial year ended 30 April 2018, 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 2018 was RM701,713.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Terms of Reference of the Audit Committee which laid down its duties is accessible via the Company’s website at www.berjaya.com.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Directors are responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and to prevent and detect other irregularities.

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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 2018.

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

	Group RM'000	Company RM'000
Profit for the year	237,944	310,306
Attributable to:		
Owners of the parent	229,658	310,306
Non-controlling interests	8,286	-
	<u>237,944</u>	<u>310,306</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 as disclosed in Notes 29 and 30 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 30 April 2017 were as follows:

	RM'000
<u>In respect of the financial year ended 30 April 2017</u> <u>as reported in the Directors' Report of that year:</u>	
Fourth interim single tier dividend of 3 sen per share on 1,347,972,300 ordinary shares with voting rights, paid on 9 August 2017	<u>40,439 #</u>
<u>In respect of the financial year ended 30 April 2018:</u>	
First interim single tier dividend of 4 sen per share on 1,347,000,000 ordinary shares with voting rights, paid on 24 October 2017	53,880
Second interim single tier dividend of 4 sen per share on 1,347,000,000 ordinary shares with voting rights, paid on 13 February 2018	53,880
Third interim single tier dividend of 4 sen per share on 1,347,000,000 ordinary shares with voting rights, paid on 3 May 2018	<u>53,880</u>
	<u>161,640</u>
The directors declared and approved on 18 June 2018: A fourth interim single tier dividend of 4 sen per share on 1,347,000,00 ordinary shares with voting rights, payable on 9 August 2018 in respect of the financial year ended 30 April 2018	<u>53,880 *</u>

This dividend was accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ended 30 April 2018.

* 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 2019.

DIRECTORS' REPORT

DIRECTORS

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

Tan Sri Dato' Seri Tan Kok Ping	(appointed on 1 August 2018)
Nerine Tan Sheik Ping	
Seow Swee Pin	
Chan Kien Sing	
Datuk Robert Yong Kuen Loke	
Dato' Oon Weng Boon	
Cheah Tek Kuang	(resigned on 1 August 2018)
Dato' Sri Robin Tan Yeong Ching	(resigned on 1 June 2018)
Freddie Pang Hock Cheng	(retired on 1 June 2018)
Dato' Dickson Tan Yong Loong	(retired on 11 October 2017)

The names of directors of subsidiaries are set out in the respective subsidiary companies' statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

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' REPORT

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 1.5.17	Number of ordinary shares		At 30.4.18
		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

Penultimate Holding Company

Berjaya Land Berhad

	At 1.5.17	Number of ordinary shares		At 30.4.18
		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

	At 1.5.17	Number of ordinary shares		At 30.4.18
		Acquired	Disposed	
Dato' Sri Robin Tan Yeong Ching	2,289,532	-	-	2,289,532
	645,107,122 *	-	-	645,107,122 *
	5,150 ^	-	-	5,150 ^
Chan Kien Sing	49,118	-	-	49,118
Freddie Pang Hock Cheng	223,909	-	-	223,909
	147,599 ^	-	-	147,599 ^
Datuk Robert Yong Kuen Loke	1,051,545	-	-	1,051,545

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

Ultimate Holding Company Berjaya Corporation Berhad (Cont'd)

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value			
	At 1.5.17	Acquired	Converted	At 30.4.18
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 1.5.17	Acquired	Converted	At 30.4.18
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

	Number of ordinary shares			At 30.4.18
	At 1.5.17	Acquired	Disposed	
Dato' Sri Robin Tan Yeong Ching	2,516,000	54,000	-	2,570,000

	Number of ordinary shares under the Employees' Share Scheme ("ESS")			
	At 1.5.17	Granted	Exercised/ vested	At 30.4.18
<u>ESS Options</u>				
Dato' Sri Robin Tan Yeong Ching	1,224,000	-	-	1,224,000
<u>ESS Shares</u>				
Dato' Sri Robin Tan Yeong Ching	360,000	-	54,000	306,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

Related Companies (Cont'd)

Redtone International Berhad

	Number of ordinary shares			At 30.4.18
	At 1.5.17	Acquired	Disposed	
Freddie Pang Hock Cheng	50,000 [^]	-	-	50,000 [^]

	Number of 2.75% Irredeemable Convertible Unsecured Loan Stocks 2010/2020 of RM0.10 each			At 30.4.18
	At 1.5.17	Acquired	Converted	
Freddie Pang Hock Cheng	50,000 [^]	-	-	50,000 [^]

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

[^] Denotes indirect interests held pursuant to Section 59(11)(c) of the CA 2016.

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	
	2018 Units '000	2017 Units '000	2018 RM'000	2017 RM'000
Balance as at 1 May	3,058	3,058	10,061	10,061
Acquisition of additional treasury shares during the year	972	-	2,259	-
Total treasury shares as at 30 April (Note 19)	4,030	3,058	12,320	10,061

As at 30 April 2018, the issued share capital of the Company with voting rights was 1,347,000,000 (2017 : 1,347,972,300) ordinary shares.

DIRECTORS' REPORT

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.

DIRECTORS' REPORT

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 and since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 August 2018

NERINE TAN SHEIK PING

SEOW SWEE PIN

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, NERINE TAN SHEIK PING 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 70 to 191 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 financial position of the Group and of the Company as at 30 April 2018 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 August 2018

NERINE TAN SHEIK PING

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 70 to 191 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 6 August 2018 }

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 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	183,036	214,658	2,309	1,393
Investment in subsidiary companies	4	-	-	4,561,692	4,506,983
Investment in associated companies	5	83,133	66,596	16,152	16,497
Long term investments	6	104,912	95,173	113	113
Investment properties	7	136,719	112,935	-	-
Deferred tax assets	8	30,913	38,348	-	-
Retirement benefit assets	20	3,506	-	-	-
Intangible assets	9	768,916	788,150	-	-
		1,311,135	1,315,860	4,580,266	4,524,986
Current assets					
Inventories	10	406,768	382,909	-	-
Receivables	11	489,161	496,656	64,941	32,470
Tax recoverable		5,814	22,012	-	-
Amounts due from subsidiary companies	12	-	-	327,714	285,900
Deposits with financial institutions	13	290,030	252,393	66,400	15,000
Cash and bank balances	13	128,149	134,622	3,399	3,247
		1,319,922	1,288,592	462,454	336,617
TOTAL ASSETS		2,631,057	2,604,452	5,042,720	4,861,603

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	135,103	135,103	135,103	135,103
Other reserves	15	228,583	227,484	-	-
Exchange reserve	16	49,227	123,301	-	-
Available-for-sale ("AFS") reserve	17	12,264	3,759	-	-
Retained earnings	18	318,449	288,434	3,967,834	3,859,607
Equity funds		743,626	778,081	4,102,937	3,994,710
Treasury shares	19	(12,320)	(10,061)	(12,320)	(10,061)
Net equity funds		731,306	768,020	4,090,617	3,984,649
Non-controlling interests		55,091	44,232	-	-
Total equity		786,397	812,252	4,090,617	3,984,649
Non-current liabilities					
Retirement benefit obligations	20	1,774	3,231	-	-
Long term borrowings	21	530,415	551,974	-	-
Other long term liabilities	22	7,317	928	386	212
Amounts due to a subsidiary company	26	-	-	514,957	568,880
Deferred tax liabilities	8	16,687	16,314	-	-
		556,193	572,447	515,343	569,092
Current liabilities					
Short term borrowings	23	626,256	591,026	-	-
Provisions	24	2,593	2,359	-	-
Payables	25	651,915	619,241	54,848	1,442
Amounts due to subsidiary companies	26	-	-	381,912	306,420
Tax payable		7,703	7,127	-	-
		1,288,467	1,219,753	436,760	307,862
TOTAL LIABILITIES		1,844,660	1,792,200	952,103	876,954
TOTAL EQUITY AND LIABILITIES		2,631,057	2,604,452	5,042,720	4,861,603

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

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 APRIL 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	27	5,660,587	5,731,396	296,797	216,343
Cost of sales		(4,527,533)	(4,618,622)	-	-
GROSS PROFIT		1,133,054	1,112,774	296,797	216,343
Selling and distribution expenses		(294,061)	(267,932)	-	-
General and administrative expenses		(414,340)	(446,412)	(16,544)	(16,967)
PROFIT BEFORE OTHER INCOME AND EXPENSES	28	424,653	398,430	280,253	199,376
Investment related income	29	3,061	2,600	54,709	-
Investment related expenses	30	(33,433)	(8,953)	(4,952)	(678,087)
Other income	31	26,871	29,447	20,272	17,540
		421,152	421,524	350,282	(461,171)
Finance costs	32	(50,975)	(50,946)	(39,976)	(39,550)
Share of results of associated companies		7,056	5,563	-	-
PROFIT/(LOSS) BEFORE TAX		377,233	376,141	310,306	(500,721)
Taxation	33	(139,289)	(129,434)	-	-
PROFIT/(LOSS) FOR THE YEAR		237,944	246,707	310,306	(500,721)
ATTRIBUTABLE TO:					
Owners of the parent		229,658	237,131	310,306	(500,721)
Non-controlling interests		8,286	9,576	-	-
		237,944	246,707	310,306	(500,721)
Earnings per share attributable to owners of the parent - Basic (sen)	34	17.05	17.59		
DIVIDENDS PER SHARE (SEN)	35				
- First interim dividend				4.00	4.00
- Second interim dividend				4.00	4.00
- Third interim dividend				4.00	3.00
- Fourth interim dividend				4.00	3.00

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
PROFIT/(LOSS) AFTER TAXATION		237,944	246,707	310,306	(500,721)
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		(11,519)	(447)	-	-
- Transfer to profit or loss due to:					
- Disposal of AFS investments		4,140	(141)	-	-
- Impairment of					
AFS investments		17,493	-	-	-
Effects of foreign exchange differences		(72,620)	26,739	-	-
<u>Items that will not be reclassified</u>					
<u>subsequently to profit or loss</u>					
Revaluation of land and building		2,952	-	-	-
Actuarial gain/(loss) recognised in					
defined benefit pension scheme	20(ii)	3,534	(699)	-	-
Tax effect relating to revaluation					
of land and building	8	(502)	-	-	-
Tax effect relating to defined					
benefit pension scheme	8	(759)	180	-	-
Share of other comprehensive					
items of associates		2	-	-	-
TOTAL COMPREHENSIVE					
INCOME/(LOSS) FOR THE YEAR		180,665	272,339	310,306	(500,721)
TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		168,672	274,617	310,306	(500,721)
Non-controlling interests		11,993	(2,278)	-	-
		180,665	272,339	310,306	(500,721)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

Attributable to Owners of the Parent

	Share capital RM'000	Treasury shares RM'000	Exchange reserve RM'000	AFS reserve RM'000	Capital reserve RM'000	Other reserves		Revaluation reserve RM'000	Distributable		Non-controlling interests RM'000	Total equity RM'000
						Consolidation reserve RM'000	Retained earnings RM'000		parent company RM'000	owners of company RM'000		
GROUP												
As at 1 May 2016	135,103	(10,061)	85,129	3,991	21,327	-	-	531,412	766,901	73,956	840,857	
Profit for the year	-	-	-	-	-	-	-	237,131	237,131	9,576	246,707	
Other comprehensive income for the year	-	-	38,172	(232)	-	-	-	(454)	37,486	(11,854)	25,632	
Total comprehensive income for the year	-	-	38,172	(232)	-	-	-	236,677	274,617	(2,278)	272,339	
Transactions with owners												
Dividends (Note 35)	-	-	-	-	-	-	-	(215,676)	(215,676)	-	(215,676)	
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)	
As at 30 April 2017	135,103	(10,061)	123,301	3,759	285,306	(57,822)	-	288,434	768,020	44,232	812,252	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

		Attributable to Owners of the Parent										
		Other reserves				Distributable			Total to		Non-	Total
Share capital	Treasury shares	Exchange reserve	AFS reserve	Capital reserve	Consolidation reserve	Revaluation reserve	Retained earnings	parent company	controlling interests	equity		
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
135,103	(10,061)	123,301	3,759	285,306	(57,822)	-	288,434	768,020	44,232	812,252		
-	-	-	-	-	-	-	229,658	229,658	8,286	237,944		
-	-	(74,074)	8,505	-	-	2,147	2,436	(60,986)	3,707	(57,279)		
-	-	(74,074)	8,505	-	-	2,147	232,094	168,672	11,993	180,665		
Transactions with owners												
-	-	-	-	-	-	-	(202,079)	(202,079)	-	(202,079)		
-	-	-	-	-	(1,048)	-	-	(1,048)	(1,134)	(2,182)		
-	(2,259)	-	-	-	-	-	-	(2,259)	-	(2,259)		
-	(2,259)	-	-	-	(1,048)	-	(202,079)	(205,386)	(1,134)	(206,520)		
135,103	(12,320)	49,227	12,264	285,306	(58,870)	2,147	318,449	731,306	55,091	786,397		

GROUP (CONT'D)

As at 1 May 2017

Profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

Transactions with owners

Dividends (Note 35)

Arising from increase in equity

interest in a subsidiary company

Purchase of treasury shares (Note 19)

Total transactions with owners

As at 30 April 2018

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

	Share capital RM'000	Treasury shares RM'000	<u>Distributable</u> Retained earnings RM'000	Total equity RM'000
COMPANY				
As at 1 May 2016	135,103	(10,061)	4,576,004	4,701,046
Total comprehensive loss for the year	-	-	(500,721)	(500,721)
Transactions with owners				
Dividends (Note 35)	-	-	(215,676)	(215,676)
Total transactions with owners	-	-	(215,676)	(215,676)
As at 30 April 2017	135,103	(10,061)	3,859,607	3,984,649
As at 1 May 2017	135,103	(10,061)	3,859,607	3,984,649
Total comprehensive income for the year	-	-	310,306	310,306
Transactions with owners				
Dividends (Note 35)	-	-	(202,079)	(202,079)
Purchase of treasury shares (Note 19)	-	(2,259)	-	(2,259)
Total transactions with owners	-	(2,259)	(202,079)	(204,338)
As at 30 April 2018	135,103	(12,320)	3,967,834	4,090,617

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

GROUP

	2018 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,109,289	6,000,209
Payments to prize winners, suppliers and for other operating expenses	(5,054,642)	(4,930,165)
Payments for pool betting duties, gaming tax, goods and services tax and other government contributions	(634,292)	(653,854)
Payment of taxes	(109,124)	(132,719)
Refund of taxes	86	20
Other receipts	299	280
Net cash generated from operating activities	311,616	283,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	915	1,830
Proceeds from disposal of long term investments	15,043	10,316
Acquisition of property, plant and equipment (Note A)	(31,470)	(29,606)
Acquisition of additional equity interest in a subsidiary company	(2,182)	(85,268)
Acquisition of investment in associated companies	(20,004)	(23,603)
Additional cost/Acquisition of investment properties	(469)	(12,324)
Acquisition of long term investments	(47,008)	(16,076)
Payment for other intangible assets	(1,049)	-
Dividend received	5,750	1,424
Interest received	20,343	13,559
Other receipts arising from investments	417	960
Other payment arising from investments	(35,202)	(1,358)
Net withdrawals/(placements) with fund managers	26,060	(22,223)
Net cash used in investing activities	(68,856)	(162,369)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

GROUP

	2018 RM'000	2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of medium term notes	280,000	80,000
Repayment of medium term notes	(255,000)	(105,000)
Drawdown of borrowings	106,330	76,475
Repayment of borrowings	(117,659)	(59,766)
Repayment of hire purchase liabilities	(811)	(681)
Finance costs paid	(50,829)	(51,382)
Dividends paid to shareholders of the Company	(148,660)	(215,869)
Treasury shares acquired	(2,259)	-
Net cash used in financing activities	<u>(188,888)</u>	<u>(276,223)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	53,872	(154,821)
CASH AND CASH EQUIVALENTS AS AT 1 MAY	384,052	530,453
Effects of exchange rate changes	(22,652)	8,420
CASH AND CASH EQUIVALENTS AS AT 30 APRIL (Note B)	<u><u>415,272</u></u>	<u><u>384,052</u></u>

	2018 RM'000	2017 RM'000
Note A Acquisition of property, plant and equipment		
Hire purchase	847	416
Cash	31,470	29,606
	<u>32,317</u>	<u>30,022</u>
Note B Cash and cash equivalents comprise the following:		
Deposits with financial institutions (Note 13)	290,030	252,393
Cash and bank balances (Note 13)	128,149	134,622
	418,179	387,015
Less : Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(2,907)	(2,963)
	<u><u>415,272</u></u>	<u><u>384,052</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

Reconciliation of liabilities arising from financing activities

	Carrying amounts as at 1 May 2017 RM'000	Cash flows RM'000	Non-cash changes RM'000	Carrying amounts as at 30 April 2018 RM'000
Medium term notes	775,000	25,000	-	800,000
Borrowings				
- current (Note 23)	336,026			326,256
- non-current (Note 21)	31,974			30,415
Total borrowings	368,000	(11,329)	-	356,671
Hire purchase liabilities	1,674	(811)	847	1,710
	<u>1,144,674</u>	<u>12,860</u>	<u>847</u>	<u>1,158,381</u>

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

	COMPANY	
	2018	Restated 2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment for operating expenses	(16,702)	(16,795)
Dividends received	262,740	270,616
Net cash generated from operating activities	246,038	253,821
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note A)	(884)	(55)
Proceeds from disposal of property, plant and equipment	-	3
Interest received	461	604
Acquisition of investment in an associated company	(3,271)	(10,983)
Advances given to subsidiary companies	(22,003)	(22,659)
Other payments arising from investments	-	(1,336)
Net cash used in investing activities	(25,697)	(34,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(148,660)	(215,869)
Interest paid	(38)	(38)
Repayment of hire purchase liabilities	(266)	(218)
Treasury shares acquired	(2,259)	-
Repayment to subsidiary companies	(17,566)	(10,909)
Net cash used in financing activities	(168,789)	(227,034)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	51,552	(7,639)
CASH AND CASH EQUIVALENTS AS AT 1 MAY	18,247	25,886
CASH AND CASH EQUIVALENTS AS AT 30 APRIL (Note B)	69,799	18,247
Note A Acquisition of property, plant and equipment		
Hire purchase	398	132
Cash	884	55
	1,282	187
Note B Cash and cash equivalents comprise the following:		
Deposits with financial institutions (Note 13)	66,400	15,000
Cash and bank balances (Note 13)	3,399	3,247
	69,799	18,247

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

Reconciliation of liabilities arising from financing activities

	Carrying amounts as at 1 May 2017 RM'000	Cash flows RM'000	Non-cash changes RM'000	Carrying amounts as at 30 April 2018 RM'000
Hire purchase liabilities	454	(266)	398	586
Amounts due to subsidiary companies (Notes 26 and 32)	875,300	(17,566)	39,135	896,869
	<u>875,754</u>	<u>(17,832)</u>	<u>39,533</u>	<u>897,455</u>

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

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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 6 August 2018.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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 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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

NOTES TO THE FINANCIAL STATEMENTS

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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. 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.

NOTES TO THE FINANCIAL STATEMENTS

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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 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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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's 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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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 basis 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 other payables or 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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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 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 exchange 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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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 exchange 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.

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, if any, 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 and other income can be reliably measured. The following specific recognition criteria must also be met before revenue and other income are 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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 Changes in Accounting Policies

On 1 May 2017, the Group and the Company adopted the following Amendments to MFRSs and Annual Improvements to MFRSs:

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107	Statement of Cash Flows - Disclosure Initiative
Amendments 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

The adoption of the above 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 except as disclosed below:

Amendment to MFRS 107: Statement of Cash Flows - Disclosure Initiative

The amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in statement of cash flows, the application of these amendments has had no impact on the Group and on the Company.

2.4 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 Interpretations and Annual Improvements to MFRSs were issued but not yet effective and have not been applied by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued but Not Yet Effective (Cont'd)

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
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	Transfers of Investment Property
Annual Improvements to MFRSs 2014-2016 Cycle	Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
Annual Improvements to MFRSs 2014-2016 Cycle	Amendments to MFRS 128: Investment in Associates and Joint Ventures
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119	Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015-2017 Cycle	Amendments to MFRS 3: Business Combinations
Annual Improvements to MFRSs 2015-2017 Cycle	Amendments to MFRS 11: Joint Arrangements
Annual Improvements to MFRSs 2015-2017 Cycle	Amendments to MFRS 112: Income Taxes
Annual Improvements to MFRSs 2015-2017 Cycle	Amendments to MFRS 123: Borrowing Costs
IC Interpretation 23	Uncertainty over Income Tax Treatments

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued but Not Yet Effective (Cont'd)

Effective for financial periods beginning on or after 1 January 2020 (cont'd)

Amendments to MFRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 132	Intangible Assets – Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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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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Unless otherwise described below, the new MFRSs, Amendments to MFRSs, IC Interpretations 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 new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs.

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

MFRS 9 introduces new requirements for classification and measurements, 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. During the financial year ended 30 April 2018, the Group has performed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when the Group adopts MFRS 9.

Based on the analysis of the Group's financial assets and liabilities as at 30 April 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued but Not Yet Effective (Cont'd)

(a) MFRS 9: Financial Instruments (cont'd)

(i) Classification and measurement

The Group and the Company do not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9. All financial assets are currently held at fair value and expected to remain the same. Quoted equity shares currently held as available-for-sale ("AFS") will continue to record gains and losses in other comprehensive income ("OCI"). The equity shares in non-quoted companies are intended to be held for the foreseeable future which the Group will apply the option to present its fair value changes in OCI.

As at 30 April 2018, the Group had a total investment in quoted and non-quoted equity instruments at fair value of RM104,721,000 that were classified as available-for-sale investments as disclosed in Note 6. The total impairment losses and cumulative gains recognised through OCI (which is attributable to the owners of parent) to available-for-sale reserve that have been recognised for these investments amounted to RM32,986,000 and RM12,264,000 respectively. These amounts would be transferred to a fair value reserve upon initial adoption of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

In summary, the impact from classification and measurement is expected to be as follows:

Impact on equity (increase/(decrease)) as at 30 April 2018:

	RM'000
Equity	
Fair value reserve	(20,722)
Available-for-sale reserve	(12,264)
Retained earnings	32,986
Net equity funds	-

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

2.4 Standards Issued but Not Yet Effective (Cont'd)

(a) MFRS 9: Financial Instruments (cont'd)

(ii) Impairment

Under MFRS 9, the Group is required to record expected credit loss on its trade and other receivables either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected credit losses on its trade receivables.

The trade receivables mainly consist of creditworthy debtors with good payment records and debtors with no concerns on the credit worthiness. The Group minimises credit risk by dealing with high credit rating counterparties, application of credit approval limits and continuous monitoring procedures. The Group expects that there will not be significant impact to the Group's financial statements from the impairment based on the expected credit loss model on its trade receivables.

For other non-trade receivables, the Group and the Company are currently still assessing the potential impact to the financial statements.

(iii) Hedge accounting

There will be no impact on the Group's accounting for hedge accounting as the Group does not have any hedges.

(b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model 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. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

The core principle of MFRS 15 is that an entity should recognise revenue which 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.

2.4 Standards Issued but Not Yet Effective (Cont'd)

(b) MFRS 15: Revenue from Contracts with Customers (cont'd)

The Group plans to adopt the new standard on the required effective date using the applicable retrospective method with the practical expedients available. Additional clarifying disclosures will also be presented in the financial statements. The Group has assessed the effects of applying the new standard on its financial statements accordingly.

The Group expects that there will not be material impact on the revenue recognition of the gaming related operations, the motor vehicle dealership operation as well as the hotel and properties investment holding companies. As the sales transactions in these businesses are expected to have only one performance obligation, the Group is not required to determine the allocation of the transaction price. The Group expects the revenue recognition to occur at the point of time when the customers take control of the goods or services, generally on delivery of the goods or when the services are rendered.

The Group, however, expects that there would be impact on the revenue from the lottery and voting systems segment of which revenue is derived from long term contracts. Some of these contracts have multiple performance obligations and the Group will allocate the contracts' transaction price to each performance obligation and recognise the revenue when the respective performance obligation is satisfied. The Group is currently assessing the financial impact arising from initial adoption of MFRS 15.

The Group evaluates and concludes that there is no element of financing present as the Group's sale of goods and services are either on cash terms or on credit terms of up to 60 days.

(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. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payment that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Standards Issued but Not Yet Effective (Cont'd)

(c) MFRS 16: Leases (cont'd)

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

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.

A preliminary assessment indicates that the lease arrangements where the Group and the Company are lessees will meet the definition of a lease under MFRS 16. The Group and the Company will recognise a right-of-use asset with a corresponding liability and are expected to have an impact on the amounts recognised in the Group's and the Company's financial statements. The Group and the Company are currently assessing its financial impact.

2.5 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(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.

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 2018, the amount of impairment loss recognised for available-for-sale investments was RM17,493,000 (2017 : RM375,000) as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

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

(iv) Useful life of intangible assets

The Group considers that the goodwill and dealership rights arising respectively, 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.

(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 RM623,204,000 (2017 : RM638,068,000) in respect of Toto betting operations in Malaysia ("Licence") and the lottery equipment lease agreement in the Philippines ("ELA") as at 30 April 2018. In regard 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 Licence. 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(i) Impairment of goodwill and dealership rights (cont'd)

In regard to the ELA, the achievability of the VIU would be principally dependent on the successful extension of the ELA. The supplemental and status quo agreement entered in August 2015 will expire in August 2018. Currently, Philippine Gaming Management Corporation is in discussion with the Philippine Charity Sweepstakes Office ("PCSO") where PCSO is requesting to extend the status quo to August 2020. The Group hence assessed the useful life of the VIU for ELA to be 2 years and 4 months. This resulted in an impairment loss on goodwill of RM11,800,000 for ELA to be recognised during the financial year. Details of the transitional extension and the arbitration proceedings are disclosed in Note 44.

(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) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iv) 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 CGUs are assessed to be in excess of their VIU.

The annual impairment review resulted in the Company recognising a net reversal of impairment loss amounting to RM54,709,000 during the financial year in respect of its investment in subsidiary companies. An impairment loss of RM678,087,000 was recognised in the last financial year. Details of the impairment review are disclosed in Note 4.

As at 30 April 2018, the carrying amount of investment in subsidiaries of the Company was RM4,561,692,000 (2017 : RM4,506,983,000).

(v) 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 live of customer relationships are reviewed periodically.

NOTES TO THE FINANCIAL STATEMENTS

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3 PROPERTY, PLANT AND EQUIPMENT

Group	Net book value as at 1 May 2017	Additions	Disposals	Impairment/write-off	Revaluation before transferred to investment properties	Reclassifications	Exchange differences	Depreciation	Net book value as at 30 April 2018
2018									
Freehold land	7,267	-	-	-	-	-	(160)	-	7,107
Building - hotel	54,143	-	-	-	-	-	(6,848)	(1,165)	46,130
Land and buildings	26,376	1,628	-	-	2,952	(22,412)	(440)	(367)	7,737
Plant and machinery	27,230	5,797	-	(26)	-	309	(486)	(8,165)	24,659
Computer equipment	18,133	1,701	(15)	(5)	-	1,344	(245)	(6,560)	14,353
Office equipment	3,769	941	(9)	(11)	-	-	(63)	(1,128)	3,499
Furniture and fittings	1,208	254	-	(2)	-	-	(1)	(260)	1,199
Motor vehicles	21,862	8,189	(1,038)	(136)	-	-	(95)	(5,368)	23,414
Renovations	52,868	13,367	-	(7)	-	-	(986)	(10,657)	54,585
Gym equipment	13	49	-	-	-	-	-	(6)	56
Hotel and kitchen equipment and utensils	162	15	(1)	-	-	-	(20)	(39)	117
Capital work-in-progress	1,627	376	-	(8)	-	(1,653)	(162)	-	180
	214,658	32,317	(1,063)	(195)	2,952	(22,412)	(9,506)	(33,715)	183,036

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	Net book value as at 1 May 2016	Additions	Disposals	Impairment/write-off	Revaluation before transferred to investment properties	Reclassifications	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
2017									
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)	-	-	3	(5,173)	18,133
Office equipment	3,123	1,669	(3)	(4)	-	-	29	(1,045)	3,769
Furniture and fittings	1,334	178	-	(3)	-	-	1	(302)	1,208
Motor vehicles	22,785	4,572	(836)	(125)	-	-	52	(4,586)	21,862
Renovations	61,312	4,613	-	(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)	-	-	447	(31,371)	214,658

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
As at 30 April 2018			
Freehold land	7,107	-	7,107
Building - hotel	54,679	(8,549)	46,130
Land and buildings	9,040	(1,303)	7,737
Plant and machinery	60,662	(36,003)	24,659
Computer equipment	118,032	(103,679)	14,353
Office equipment	15,816	(12,317)	3,499
Furniture and fittings	8,711	(7,512)	1,199
Motor vehicles	57,875	(34,461)	23,414
Renovations	126,079	(71,494)	54,585
Gym equipment	1,099	(1,043)	56
Hotel and kitchen equipment and utensils	973	(856)	117
Capital work-in-progress	180	-	180
	460,253	(277,217)	183,036
As at 30 April 2017			
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
	501,722	(287,064)	214,658

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

- (a) Included in the Group's reclassification is an amount of RM22,412,000 which represents the carrying amount of a property (after fair value adjustment of RM2,952,000) that was transferred to investment property as disclosed in Notes 7 and 15.
- (b) As at the reporting date, a hotel building of the Group with net carrying value of RM46,130,000 was pledged to a financial institution for credit facility granted to a foreign subsidiary company as disclosed in Note 21. In the previous financial year, the buildings of the Group with net carrying value of RM74,255,000 were pledged to financial institutions.
- (c) Net book value of property, plant and equipment of the Group held under hire purchase arrangements are as follows:

	2018 RM'000	2017 RM'000
Motor vehicles	3,017	2,631

Company

	Net book value as at 1 May 2017 RM'000	Additions RM'000	Write-off RM'000	Depreciation RM'000	Net book value as at 30 April 2018 RM'000
2018					
Computer equipment	16	5	-	(8)	13
Office equipment	91	9	(3)	(20)	77
Furniture and fittings	226	-	-	(50)	176
Motor vehicles	811	1,268	-	(233)	1,846
Renovations	249	-	-	(52)	197
	1,393	1,282	(3)	(363)	2,309

	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
2017					
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

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company (Cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
As at 30 April 2018			
Computer equipment	724	(711)	13
Office equipment	372	(295)	77
Furniture and fittings	5,598	(5,422)	176
Motor vehicles	2,790	(944)	1,846
Renovations	3,679	(3,482)	197
	<u>13,163</u>	<u>(10,854)</u>	<u>2,309</u>
As at 30 April 2017			
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>

Net book value of property, plant and equipment of the Company held under hire purchase arrangements are as follows:

	2018 RM'000	2017 RM'000
Motor vehicles	<u>1,041</u>	<u>762</u>

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

4 INVESTMENT IN SUBSIDIARY COMPANIES

	<u>Company</u>	
	<u>2018</u>	<u>2017</u>
	<u>RM'000</u>	<u>RM'000</u>
Unquoted shares, at cost	6,605,200	6,605,200
Less : Accumulated impairment losses (Notes 29 and 30)	<u>(2,043,508)</u>	<u>(2,098,217)</u>
	<u>4,561,692</u>	<u>4,506,983</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 net reversal of impairment exists.

The review gave rise to the net reversal of impairment losses of investment in subsidiary companies as disclosed in Note 29 of RM54,709,000 (2017 : net impairment losses RM678,087,000 was recognised as disclosed in Note 30) as the value-in-use amounts estimated by the Company exceeded its carrying values. As at 30 April 2018, the recoverable amounts of these investment in subsidiary companies were RM3,981,692,000 (2017 : RM3,926,983,000).

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>	
			<u>2018</u>	<u>2017</u>
			%	%
Subsidiary companies of Berjaya Sports Toto Berhad				
FEAB Properties Sdn Bhd	Malaysia	Property investment and development and investment holding	100	100
FEAB Land Sdn Bhd	Malaysia	Property development 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
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

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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>	
			2018 %	2017 %
Subsidiary company of FEAB Land Sdn Bhd				
FEAB Realty Sdn Bhd	Malaysia	Dormant	100	100
Subsidiary companies of Magna Mahsuri Sdn Bhd				
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
Subsidiary company of Berjaya Sports Toto (Cayman) Limited				
Berjaya Lottery Management (HK) Limited ("BLM") #	Hong Kong	Investment holding	100	100
Subsidiary companies of Berjaya Lottery Management (HK) Limited				
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

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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>	
			2018 %	2017 %
Subsidiary companies of Berjaya Philippines Inc.				
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	99.30	98.38
Floridablanca Enviro Corporation * (formerly known as Berjaya Enviro Philippines Inc.)	Philippines	Service business of protecting and cleaning the environment	100	100
Subsidiary companies of International Lottery & Totalizator Systems, Inc.				
Unisyn Voting Solutions, Inc. *	United States of America	Develops, manufactures and provision of licenses and supports for voting systems	100	100
ILTS Vietnam Company Limited * (Note b)	Vietnam	Provision of lottery technical support services	100	-

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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>	
			<u>2018</u>	<u>2017</u>
			%	%
Subsidiary companies of H.R. Owen Plc				
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 *	United Kingdom	Provision of insurance agent and broker services	60	60
Upbrook Mews Limited *	United Kingdom	Engage in letting and operating of own or leased real estate	100	100
eDoc Holdings Limited * (Note c)	United Kingdom	Investment holding	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

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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>	
			<u>2018</u> %	<u>2017</u> %
Subsidiary companies of H.R. Owen Plc (Cont'd)				
H.R. Owen Motor Dealerships Limited *	United Kingdom	Dormant	100	100
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
Subsidiary company of H.R. Owen Investments Limited				
H.R. Owen Finance Limited * (Note d)	United Kingdom	Dormant	-	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% (2017 : 88.26%) and it is held by the following companies respectively:

	2018 %	2017 %
(i) BLM	74.20	74.20
(ii) BSTC	14.06	14.06
	<u>88.26</u>	<u>88.26</u>

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

@ The total equity interests held by H.R. Owen Plc group in Netprofit is 100% (2017 : 100%) and it is held by the following companies respectively:

	2018	2017
	%	%
(i) H.R. Owen Plc ("H.R. Owen")	50.00	50.00
(ii) Bradshaw Webb (Chelsea) Limited	50.00	50.00
	<u>100.00</u>	<u>100.00</u>

Note a On 14 February 2018, BPI acquired additional 230,516 ordinary shares of GBP0.50 each in H.R. Owen, an existing subsidiary company of BPI, representing additional 0.92% equity interest in H.R. Owen, for a total cash consideration of GBP394,000 (equivalent to RM2,182,000). Consequently, BPI's equity interests in H.R. Owen increased from 98.38% to 99.30%.

Note b On 21 November 2017, International Lottery & Totalizator Systems, Inc. incorporated a wholly-owned subsidiary namely ILTS Vietnam Company Limited.

Note c On 10 August 2017, H.R. Owen incorporated a wholly-owned subsidiary company namely eDoc Holdings Limited with subscription of 1 ordinary share for GBP1.00 (equivalent to RM6).

Note d H.R. Owen Finance Limited, a wholly-owned subsidiary company of H.R. Owen was dissolved on 27 June 2017.

^^ 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 RM3,976,270,000 (2017 : RM3,918,970,000) at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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	2018 %	2017 %
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>	2018 RM'000	2017 RM'000
Non-current assets	493,270	473,833
Current assets	831,504	815,575
Total assets	<u>1,324,774</u>	<u>1,289,408</u>
Non-current liabilities	39,651	38,831
Current liabilities	639,715	623,569
Total liabilities	<u>679,366</u>	<u>662,400</u>
Net assets	<u>645,408</u>	<u>627,008</u>
Equity attributable to equity holders of the Parent	590,317	582,776
Non-controlling interests	55,091	44,232
Total equity	<u>645,408</u>	<u>627,008</u>

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

4 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Subsidiary companies with material non-controlling interests (Cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

<u>BPI</u>	2018	2017
	RM'000	RM'000
Revenue	2,485,321	2,501,819
Profit for the year attributable to:		
- Owners of the parent	55,910	52,181
- Non-controlling interests	8,286	9,576
Profit for the year	64,196	61,757
Other comprehensive income/(loss) (net of tax) attributable to:		
- Owners of the parent	23,430	(50,002)
- Non-controlling interests	3,707	(11,854)
Other comprehensive income for the year	27,137	(61,856)
Total comprehensive income/(loss) for the year	91,333	(99)
Total comprehensive income/(loss) attributable to:		
- Owners of the parent	79,340	2,179
- Non-controlling interests	11,993	(2,278)
Total comprehensive income/(loss) for the year	91,333	(99)

(iii) Summarised statement of cash flows

<u>BPI</u>	2018	2017
	RM'000	RM'000
Net cash generated from/(used in):		
Operating activities	89,322	150,010
Investing activities	(66,975)	(151,989)
Financing activities	(23,879)	4,278
Net change in cash and cash equivalents	(1,532)	2,299

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

5 INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares, at cost	78,361	65,599	26,248	21,641
Less: Adjustment for loss on deemed disposal (Note 30)	-	(8,578)	-	-
	78,361	57,021	26,248	21,641
Share of post-acquisition profit	12,701	9,507	-	-
	91,062	66,528	26,248	21,641
Exchange differences	(4,573)	3,424	-	-
	86,489	69,952	26,248	21,641
Less: Accumulated impairment losses (Note 30)	(3,356)	(3,356)	(10,096)	(5,144)
	83,133	66,596	16,152	16,497

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>	
			2018 %	2017 %
Associated companies of Berjaya Sports Toto Berhad				
Berjaya Racing Management Sdn Bhd	Malaysia	Dormant	20	20
Berjaya Lottery Vietnam Limited (Note a)	Malaysia	Investment holding	20	20
Associated company of FEAB Properties Sdn Bhd				
Cashsystems Asia Technology Sdn Bhd ("Cashsystems") *	Malaysia	Dormant, under liquidation	30	30
Associated companies of Berjaya Philippines Inc. ("BPI")				
Perdana Land Philippines Inc. *	Philippines	Acquire, develop and lease real estate	40	40
Berjaya Pizza (Philippines) Inc. * ("BPizza")	Philippines	Development and operation of "Papa John's Pizza" chain of restaurants in the Philippines	48.38	48.38

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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>	
			2018 %	2017 %
Associated companies of Berjaya Philippines Inc. (Cont'd)				
Bermaz Auto Philippines Inc. # ("BAuto") (Note b)	Philippines	Selling and distribution of Mazda brand cars within the territory of the Philippines	28.28	25.48
Ssangyong Berjaya Motor Philippines Inc. *	Philippines	Selling and distribution of Ssangyong brand vehicles within the territory of the Philippines	20	20
Neptune Properties, Incorporated * ("Neptune")	Philippines	Engage in real estate business	41.46	41.46
Chailease Berjaya Finance Corporation * ("CBFC") (Note c)	Philippines	Provision of hire purchase and loan financing services	25	-
Cosway Philippines Inc. *	Philippines	Dormant	40	40
Associated company of eDoc Holdings Limited				
VideoDoc Limited * ("VideoDoc") * (Note d)	United Kingdom	Provision of general and specialists medical practice services	20.15	-

* 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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

5 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

The following transactions occurred during the financial year:

- (a) During the current financial year, the Company subscribed for a total of 1,104,200 new ordinary shares of USD1.00 each issued by Berjaya Lottery Vietnam Limited for a total cash consideration of USD1,104,200 (equivalent to approximately RM4,607,000). The Company's equity interest in this associated company remains unchanged, subsequent to the subscription.
- (b) On 5 January 2018, BPI acquired additional 25,561,453 ordinary shares of Php1.00 each, representing 2.8% equity interest in BAUTO for a total consideration of Php25.56 million (equivalent to approximately RM1,937,000). Following the acquisition, BPI's equity interest in BAUTO increased from 25.48% to 28.28%.
- (c) On 30 April 2018, BPI acquired 62,500,000 ordinary shares of Php1.00 each, representing 25% equity interest in CBFC for a total cash consideration of Php62.5 million (equivalent to approximately RM4,745,000).
- (d) On 30 August 2017, a wholly-owned subsidiary company of H.R. Owen Plc namely eDoc Holdings Limited acquired and subscribed for a total of 2,743,161 ordinary shares in VideoDoc, representing 20.15% equity interest in VideoDoc for a total cash consideration of GBP1,850,000 (equivalent to approximately RM10,051,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(i) Summarised statement of financial position

<u>At 30 April 2018</u>	BAuto RM'000	Neptune RM'000	Total RM'000
Non-current assets	16,495	69,875	86,370
Current assets	195,720	20,748	216,468
Total assets	212,215	90,623	302,838
Non-current liabilities	11,793	13	11,806
Current liabilities	77,423	70,481	147,904
Total liabilities	89,216	70,494	159,710
Net assets	122,999	20,129	143,128
Group's share of net assets	34,066	8,345	42,411
<u>At 30 April 2017</u>			
Non-current assets	17,613	79,652	97,265
Current assets	196,038	15,830	211,868
Total assets	213,651	95,482	309,133
Non-current liabilities	11,908	444	12,352
Current liabilities	74,967	69,117	144,084
Total liabilities	86,875	69,561	156,436
Net assets	126,776	25,921	152,697
Group's share of net assets	31,587	10,747	42,334

(ii) Summarised statement of profit or loss and other comprehensive income

<u>At 30 April 2018</u>	BAuto RM'000	Neptune RM'000	Total RM'000
Revenue	519,675	1,365	521,040
Profit/(loss) for the year	27,592	(2,585)	25,007
Other comprehensive income	9	-	9
Total comprehensive income/(loss) for the year	27,601	(2,585)	25,016
Group's share of profit/(loss) for the year	7,178	(1,071)	6,107

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(ii) Summarised statement of profit or loss and other comprehensive income (Cont'd)

<u>At 30 April 2017</u>	BAuto RM'000	Neptune RM'000	Total RM'000
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

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associated companies

<u>At 30 April 2018</u>	BAuto RM'000	Neptune RM'000	Total RM'000
Net assets as at 1 May 2017			
prior to equity contribution	123,966	25,921	149,887
Exchange differences	(17,443)	(3,207)	(20,650)
Profit/(loss) for the year	27,592	(2,585)	25,007
Other comprehensive income	9	-	9
Dividend paid during the financial year	(13,664)	-	(13,664)
	120,460	20,129	140,589
Equity contribution from parent	2,897	-	2,897
Exchange differences	(358)	-	(358)
Net assets as at 30 April 2018	122,999	20,129	143,128
Interest in the associated companies	28.28%	41.46%	
Group's equity interests	34,066	8,345	42,411
Goodwill	2,073	3,552	5,625
Carrying value of the Group's interest in the associated companies	36,139	11,897	48,036

NOTES TO THE FINANCIAL STATEMENTS

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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)

<u>At 30 April 2017</u>	BAuto RM'000	Neptune RM'000	Total RM'000
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
	<u>123,966</u>	<u>25,921</u>	<u>149,887</u>
Equity contribution from parent	2,810	-	2,810
Net assets as at 30 April 2017	<u>126,776</u>	<u>25,921</u>	<u>152,697</u>
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	<u>35,888</u>	<u>14,795</u>	<u>50,683</u>

(iv) Aggregate information of associated companies that are not individually material to the Group

	2018 RM'000	2017 RM'000
The Group's share of profit/(loss)		
for the year, representing total		
comprehensive profit/(loss) for the year	<u>949</u>	<u>(11,780)</u>
Aggregate carrying amounts of the total		
Group's interests in these associated companies	<u>35,097</u>	<u>15,913</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 Php43,008,000 equivalent to RM3,265,000 (2017 : Peso5,234,000 equivalent to RM455,000).

NOTES TO THE FINANCIAL STATEMENTS

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6 LONG TERM INVESTMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Available-for-sale financial assets				
<u>Equity instruments</u>				
- Quoted shares in Malaysia	75,612	65,398	-	-
- Quoted shares outside Malaysia	3,146	3,861	-	-
- Quoted warrants in Malaysia	423	1,253	-	-
- Quoted loan stocks in Malaysia	3,656	7,425	-	-
- Unquoted shares outside Malaysia	10,012	7,315	-	-
- Malaysian Government Securities	2,996	3,026	-	-
Total equity instruments at fair value	95,845	88,278	-	-
Unquoted shares outside Malaysia at cost	8,876	6,704	-	-
Club memberships at carrying amount	191	191	113	113
	<u>104,912</u>	<u>95,173</u>	<u>113</u>	<u>113</u>

During the current financial year, the Group recognised an impairment loss amounting to RM17,493,000 (2017 : RM375,000) 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% (2017 : 4.24%) per annum.

7 INVESTMENT PROPERTIES

	Group	
	2018 RM'000	2017 RM'000
At 1 May	112,935	99,576
Additional cost/acquisition	469	12,324
Transfer from property, plant and equipment upon change of use (Note 3)	22,412	-
Fair value adjustments (Note 29)	1,175	1,035
Exchange differences	(272)	-
At 30 April	<u>136,719</u>	<u>112,935</u>
The carrying amount of investment properties held under lease terms are as follows:		
Buildings	<u>1,800</u>	<u>1,800</u>

NOTES TO THE FINANCIAL STATEMENTS

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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 RM3,400,000 (2017 : RM2,350,000) have been submitted to the relevant authority for processing upon successful conversion of leasehold to freehold status.

During the current financial year, a property that was previously classified as property, plant and equipment with carrying amount of RM22,412,000 was not occupied by the foreign subsidiary company of the Group, thus, qualified as investment property according to MFRS 140: Investment Property and has been reclassified accordingly as disclosed in Notes 3 and 15. This property is pledged to a financial institution for credit facilities granted to a foreign subsidiary company as disclosed in Note 21.

8 DEFERRED TAX (ASSETS) / LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 May	(22,034)	(26,843)	-	-
Recognised in the statement of profit or loss (Note 33)	5,776	6,602	-	-
Recognised in other comprehensive income	1,261	(180)	-	-
Recognised directly in intangible assets	(517)	(283)	-	-
Exchange differences	1,288	(1,330)	-	-
At 30 April	<u>(14,226)</u>	<u>(22,034)</u>	<u>-</u>	<u>-</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(30,913)	(38,348)	-	-
Deferred tax liabilities	16,687	16,314	-	-
	<u>(14,226)</u>	<u>(22,034)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

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

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

Deferred Tax Assets of the Group:

	Retirement cost obligation RM'000	Payables RM'000	Unabsorbed tax losses and capital allowances RM'000	Total RM'000
2018				
At 1 May 2017	(1,376)	(32,492)	(10,952)	(44,820)
Recognised in the statement of profit or loss	1	1,192	5,482	6,675
Recognised in other comprehensive income	759	-	-	759
Exchange differences	183	687	824	1,694
At 30 April 2018	<u>(433)</u>	<u>(30,613)</u>	<u>(4,646)</u>	<u>(35,692)</u>
Less: set-off against deferred tax liabilities				4,779
				<u>(30,913)</u>
2017				
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>

NOTES TO THE FINANCIAL STATEMENTS

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

Deferred Tax Liabilities of the Group:

	Intangible assets RM'000	Accelerated capital allowances RM'000	Investment properties RM'000	Others RM'000	Total RM'000
2018					
At 1 May 2017	11,451	9,430	1,432	473	22,786
Recognised in the statement of profit or loss	-	(903)	42	(38)	(899)
Recognised in other comprehensive income	-	-	-	502	502
Recognised directly in intangible assets	(517)	-	-	-	(517)
Exchange differences	(260)	(88)	-	(58)	(406)
At 30 April 2018	<u>10,674</u>	<u>8,439</u>	<u>1,474</u>	<u>879</u>	<u>21,466</u>
Less: set-off against deferred tax assets					<u>(4,779)</u>
					<u>16,687</u>
2017					
At 1 May 2016	11,734	10,671	1,392	823	24,620
Recognised in the statement of profit or loss	-	(1,152)	40	(372)	(1,484)
Recognised directly in intangible assets	(283)	-	-	-	(283)
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>

NOTES TO THE FINANCIAL STATEMENTS

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

Deferred Tax Assets of the Company:

	Other payables RM'000	Unabsorbed capital allowances RM'000	Total RM'000
<u>2018</u>			
At 1 May 2017	(27)	-	(27)
Recognised in the statement of profit or loss	(2)	(29)	(31)
At 30 April 2018	<u>(29)</u>	<u>(29)</u>	(58)
Less: set-off against deferred tax liability			<u>58</u>
			<u>-</u>
<u>2017</u>			
At 1 May 2016	(26)	(64)	(90)
Recognised in the statement of profit or loss	(1)	64	63
At 30 April 2017	<u>(27)</u>	<u>-</u>	(27)
Less: set-off against deferred tax liability			<u>27</u>
			<u>-</u>

Deferred Tax Liability of the Company:

	Accelerated capital allowances RM'000
<u>2018</u>	
At 1 May 2017	27
Recognised in the statement of profit or loss	31
At 30 April 2018	<u>58</u>
Less: set-off against deferred tax assets	<u>(58)</u>
	<u>-</u>
<u>2017</u>	
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>

NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses				
-Malaysian income tax	97,536	81,996	32,598	30,032
-foreign tax	10,684	10,421	-	-
Unabsorbed capital allowances	1,676	1,386	398	518
Others	17	193	-	12
	<u>109,913</u>	<u>93,996</u>	<u>32,996</u>	<u>30,562</u>

Deferred tax assets have not been recognised in respect of the above unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences of Malaysian resident entities 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 of Malaysian resident entities 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.

NOTES TO THE FINANCIAL STATEMENTS

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9 INTANGIBLE ASSETS

	Group	
	2018 RM'000	2017 RM'000
At carrying amount:		
Goodwill on consolidation		
At 1 May	727,850	727,519
Deferred tax liabilities recognised	(517)	(283)
Impairment loss (Note 30)	(11,800)	-
Exchange differences	(6,232)	614
At 30 April	<u>709,301</u>	<u>727,850</u>
Dealership rights		
At 1 May	57,487	58,672
Exchange differences	(1,267)	(1,185)
At 30 April	<u>56,220</u>	<u>57,487</u>
Customer relationships		
At 1 May	2,813	3,346
Amortisation (Note 28)	(327)	(459)
Exchange differences	(55)	(74)
At 30 April	<u>2,431</u>	<u>2,813</u>
Other intangible asset		
At 1 May	-	-
Additions	1,049	-
Amortisation (Note 28)	(90)	-
Exchange differences	5	-
	<u>964</u>	<u>-</u>
Total	<u><u>768,916</u></u>	<u><u>788,150</u></u>

(a) Impairment test on goodwill, dealership rights, customer relationships and other intangible asset

Allocation of goodwill

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

	Group	
	2018 RM'000	2017 RM'000
Toto betting operations and leasing of lottery equipment	623,204	638,068
Motor dealership	74,842	77,067
Others	11,255	12,715
	<u>709,301</u>	<u>727,850</u>

9 INTANGIBLE ASSETS (CONT'D)

(a) Impairment test on goodwill, dealership rights, customer relationships and other intangible asset (Cont'd)

Allocation of dealership rights, customer relationships and other intangible asset

Dealership rights and customer relationships are allocated solely to the Group's motor dealership operations. Other intangible asset is the capitalised software development costs that is allocated to the Group's manufacture and distribution of computerised lottery and voting systems operation.

(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 two-year four-month period 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% (2017 : 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 value-in-use for the Philippines leasing of online lottery equipment operations which is principally dependent on the extension of the ELA as disclosed in Note 2.5 (b)(i).

NOTES TO THE FINANCIAL STATEMENTS

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9 INTANGIBLE ASSETS (CONT'D)

(a) Impairment test on goodwill, dealership rights, customer relationships and other intangible asset (Cont'd)

(b) Impairment test on dealership rights, customer relationships and other intangible asset

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 rates, applied to post-tax cash flows, used for the identified CGUs are in the range from 7.8% to 11.8% (2017 : 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	
	2018	2017
	RM'000	RM'000
At cost:		
Vehicles	282,747	254,427
Gaming equipment components and parts	1,287	894
Raw materials	12,695	13,729
Work-in-progress	3,110	4,185
Ticket inventories	4,541	4,741
Parts and consumables	15,253	13,832
Finished goods and inventories for resale	4,880	5,622
	324,513	297,430
At net realisable value:		
Vehicles	80,923	83,731
Parts and consumables	1,332	1,748
	406,768	382,909

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10 INVENTORIES (CONT'D)

The cost of inventories recognised as an expense during the financial year amounted to RM2,044,707,000 (2017 : RM2,111,714,000).

The carrying amounts of inventories pledged for vehicle stocking loans amounted to RM331,767,000 (2017 : RM308,795,000).

11 RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	160,863	177,570	-	-
Other receivables	165,103	187,814	-	1,340
Refundable deposits	6,486	5,378	725	712
Amounts due from associated companies	115,072	86,159	-	-
	447,524	456,921	725	2,052
Less : Allowance for doubtful debts				
- trade receivables	(1,589)	(1,427)	-	-
- other receivables	(207)	(104)	-	-
	445,728	455,390	725	2,052
Dividend receivable	-	-	64,138	30,381
Prepayments	43,433	41,266	78	37
	489,161	496,656	64,941	32,470

The Group's trade receivables are non-interest bearing with credit term ranges from 1 to 60 days (2017 : 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 RM69,403,000 (2017 : RM72,897,000). The amount due from this related company is considered as a significant concentration of credit risk to the Group.

NOTES TO THE FINANCIAL STATEMENTS

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11 RECEIVABLES (CONT'D)

(a) Trade receivables

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	66,424	86,441
Past due but not impaired	92,850	89,702
Impaired	1,589	1,427
	<u>160,863</u>	<u>177,570</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 RM92,850,000 (2017 : RM89,702,000) 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:

	Group	
	2018 RM'000	2017 RM'000
<u>Individually impaired</u>		
Trade receivables - nominal amounts	1,589	1,427
Less: Allowance for impairment	(1,589)	(1,427)
	<u>-</u>	<u>-</u>

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11 RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Movement in allowance accounts

	Group	
	2018 RM'000	2017 RM'000
At 1 May	1,427	1,823
- Net charge/(reversal) for the year (Note 28)	352	(387)
- Written off during the year	(127)	(7)
- Exchange differences	(63)	(2)
At 30 April	1,589	1,427

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

	Group	
	2018 RM'000	2017 RM'000
At 1 May	104	1,238
- Net charge/(reversal) for the year (Note 28)	105	(134)
- Written off during the year	-	(948)
- Exchange differences	(2)	(52)
At 30 April	207	104

(c) Amounts due from associated companies

Amounts due from associated companies of foreign subsidiary companies are unsecured, repayable on demand and non-interest bearing except for a total amount of RM94,891,000 (2017 : RM66,601,000) that is interest bearing. Out of the amount that is interest bearing, an amount of RM7,591,000 (2017 : RM8,703,000) is secured by shareholders' guarantee of the associated company and RM82,234,000 (2017 : RM57,898,000) represents advances made to foreign property investment venture companies.

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12 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2018	2017
	RM'000	RM'000
Amounts due from subsidiary companies	327,883	286,063
Less: Allowance for impairment	(169)	(163)
	<u>327,714</u>	<u>285,900</u>
Movement in allowance accounts:		
At beginning of year	163	139
Charge for the year (Note 28)	6	24
At end of year	<u>169</u>	<u>163</u>

Amounts due from subsidiary companies are unsecured, interest bearing and repayable on demand except for an amount of RM249,000 (2017 : RM242,000) which is non-interest bearing.

13 DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with financial institutions	290,030	252,393	66,400	15,000
Cash and bank balances	128,149	134,622	3,399	3,247
	<u>418,179</u>	<u>387,015</u>	<u>69,799</u>	<u>18,247</u>
Fixed deposits with financial institutions comprise term deposits with:				
- Licensed banks	271,292	237,200	66,400	15,000
- Other financial institutions	18,738	15,193	-	-
	<u>290,030</u>	<u>252,393</u>	<u>66,400</u>	<u>15,000</u>

Included in the Group's deposits with financial institutions are deposits of RM2,907,000 (2017 : RM2,963,000) 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:

	Group		Company	
	2018	2017	2018	2017
Licensed banks	3.36%	3.15%	3.15%	2.95%
Other financial institutions	1.68%	1.03%	-	-

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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	
	2018	2017	2018	2017
Licensed banks	7 days	5 days	2 days	5 days
Other financial institutions	26 days	74 days	-	-

14 SHARE CAPITAL

Group and Company

	Number of ordinary shares		Amount	
	2018	2017	2018	2017
	Units '000	Units '000	RM'000	RM'000
Issued:				
At beginning/end of the financial year	1,351,030	1,351,030	135,103	135,103

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

	Number of ordinary shares	
	2018	2017
	Units '000	Units '000
Total number of issued ordinary shares	1,351,030	1,351,030
Less : Ordinary shares held as treasury shares (Note 19)	(4,030)	(3,058)
	<u>1,347,000</u>	<u>1,347,972</u>

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	
	2018	2017
	RM'000	RM'000
Capital reserve (Note a)	285,306	285,306
Consolidation reserve (Note b)	(58,870)	(57,822)
Revaluation reserve (Note c)	2,147	-
	<u>228,583</u>	<u>227,484</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.

NOTES TO THE FINANCIAL STATEMENTS

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15 OTHER RESERVES (CONT'D)

- (b) The consolidation reserve comprises the consolidation effects of changes in the Group's equity interests in subsidiary companies which do not result in loss of control.
- (c) The revaluation reserve arose from fair value adjustment (net of tax effect) relating to transfer of property, plant and equipment to investment property in accordance with MFRS 116 : Property, Plant and Equipment during the financial year as disclosed in Notes 3 and 7.

16 EXCHANGE RESERVE

	Group	
	2018 RM'000	2017 RM'000
At 1 May	123,301	85,129
Currency exchange differences	(74,074)	38,172
At 30 April	49,227	123,301

17 AVAILABLE-FOR-SALE ("AFS") RESERVE

	Group	
	2018 RM'000	2017 RM'000
At 1 May	3,759	3,991
Loss on fair value changes through comprehensive income	(10,433)	(102)
Transfer to profit or loss upon disposal/derecognition	3,575	(130)
Transfer to profit or loss upon impairment	15,363	-
At 30 April	12,264	3,759

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 Section 131 of the Companies Act 2016 and 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	
	2018 Units '000	2017 Units '000	2018 RM'000	2017 RM'000
At 1 May	3,058	3,058	10,061	10,061
Shares bought back during the year	972	-	2,259	-
At 30 April	4,030	3,058	12,320	10,061

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19 TREASURY SHARES (CONT'D)

The renewal of the Company's plan and mandate relating to the share buyback was approved by the shareholders of the Company on 11 October 2017 granting the directors of the Company the authority to buyback its own shares up to 10% of the existing total issued share capital, inclusive of all treasury shares that have been bought back.

20 RETIREMENT BENEFIT (ASSETS)/OBLIGATIONS

	Group	
	2018	2017
	RM'000	RM'000
At 1 May	3,231	3,385
Recognised in statement of profit or loss	697	935
Recognised in statement of other comprehensive income	(3,534)	699
Employer's contribution	(1,701)	(1,961)
Exchange differences	(425)	173
At 30 April	<u>(1,732)</u>	<u>3,231</u>

Presented after appropriate offsetting as follows:

Retirement benefit assets	(3,506)	-
Retirement benefit obligations	1,774	3,231
	<u>(1,732)</u>	<u>3,231</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:

	Group	
	2018	2017
	RM'000	RM'000
Present value of retirement benefit obligation	73,321	80,711
Fair value of plan assets	(75,053)	(77,480)
(Surplus)/deficit in plan assets	<u>(1,732)</u>	<u>3,231</u>

NOTES TO THE FINANCIAL STATEMENTS

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20 RETIREMENT BENEFIT (ASSETS)/OBLIGATIONS (CONT'D)

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

	Group	
	2018 RM'000	2017 RM'000
At beginning of year	80,711	70,183
Current service cost and interest cost	2,784	3,172
Actuarial (gain)/loss	(2,930)	12,254
Benefits paid by the plan	(1,656)	(3,777)
Liabilities extinguished on settlements	(3,357)	-
Exchange differences	(2,231)	(1,121)
At end of year	<u>73,321</u>	<u>80,711</u>

The movements in fair value of plan assets are presented below:

	Group	
	2018 RM'000	2017 RM'000
At beginning of year	77,480	66,798
Interest income	2,047	2,237
Return on plan assets	604	11,555
Employer's contribution	1,701	1,961
Benefits paid by the plan	(1,656)	(3,777)
Assets distributed on settlements	(3,317)	-
Exchange differences	(1,806)	(1,294)
At end of year	<u>75,053</u>	<u>77,480</u>

The plan assets consist of the following:

	Group	
	2018 RM'000	2017 RM'000
Fixed income assets	74,717	76,850
Cash in bank	336	628
Others	-	2
	<u>75,053</u>	<u>77,480</u>

NOTES TO THE FINANCIAL STATEMENTS

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20 RETIREMENT BENEFIT (ASSETS)/OBLIGATIONS (CONT'D)

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:

	Group	
	2018	2017
	RM'000	RM'000
Current service costs (net of gain on settlements) recognised in directors' remuneration and employee benefit expenses (Notes 28 and 28 (b))	596	763
Net interest costs (Note 32)	101	172
Retirement benefits recognised in profit or loss	697	935

(ii) Reported in the consolidated statement of other comprehensive income:

	Group	
	2018	2017
	RM'000	RM'000
Remeasurement gain/(losses) arising from:		
Actuarial changes in financial assumptions	2,648	(11,986)
Actuarial changes in demographic assumptions	382	(1,361)
Return on plan assets	604	11,555
Experience adjustments arising from defined benefit obligations	(100)	1,093
	3,534	(699)
Deferred tax (expense)/benefit (Note 8)	(759)	180
Retirement benefits recognised in other comprehensive income	2,775	(519)
Attributable to:		
Owners of the parent *	2,434	(454)
Non-controlling interests	341	(65)
	2,775	(519)

* 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.

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20 RETIREMENT BENEFIT (ASSETS)/OBLIGATIONS (CONT'D)

Presented below is the historical information related to the present value of the retirement benefit obligation, fair value of plan assets and (surplus)/deficit in the plan.

	2018	2017	2016	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Present value					
of the obligation	73,321	80,711	70,183	71,452	64,913
Fair value of the plan assets	(75,053)	(77,480)	(66,798)	(67,634)	(61,451)
(Surplus)/deficit in the plan	(1,732)	3,231	3,385	3,818	3,462

For the determination of retirement benefit obligation, the following actuarial assumptions were used:

	2018	2017
Discount rate	2.70%-6.84%	2.70%-5.08%

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	2018	2017
		RM'000	RM'000
Secured:			
Medium term notes (Note a)			
6.00% p.a. fixed rate medium term notes	June 2017	-	150,000
4.60% p.a. fixed rate medium term notes	June 2017	-	35,000
4.60% p.a. fixed rate medium term notes	June 2017	-	70,000
4.30% p.a. fixed rate medium term notes	June 2018	50,000	50,000
4.47% p.a. fixed rate medium term notes	June 2018	30,000	30,000
4.73% p.a. fixed rate medium term notes	June 2018	95,000	95,000
4.40% p.a. fixed rate medium term notes	July 2018	125,000	-
4.82% p.a. fixed rate medium term notes	June 2019	200,000	200,000
4.53% p.a. fixed rate medium term notes	June 2019	55,000	-
4.88% p.a. fixed rate medium term notes	July 2019	145,000	145,000
4.65% p.a. fixed rate medium term notes	June 2020	60,000	-
4.82% p.a. fixed rate medium term notes	June 2022	40,000	-
		800,000	775,000
Portion repayable within 12 months			
included under short term borrowings (Note 23)		(300,000)	(255,000)
		500,000	520,000
Total term loans (Note b)		42,967	64,656
Portion repayable within 12 months			
included under short term borrowings (Note 23)		(12,552)	(32,682)
		30,415	31,974
Total long term borrowings		530,415	551,974

NOTES TO THE FINANCIAL STATEMENTS

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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 2018, total medium term notes amounting to RM800.0 million (2017 : RM775.0 million) in nominal value remain outstanding.

The medium term notes are secured by:

- (i) a third party first equitable charge over the entire issued 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) a hotel building of the Group as disclosed in Note 3;
 - (ii) an investment property of the Group as disclosed in Note 7;
 - (iii) corporate guarantee provided by a foreign subsidiary company of the Group as disclosed in Note 36; and
 - (iv) parcels of land owned by a foreign associated company of the Group.

22 OTHER LONG TERM LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Hire purchase payables	1,101	928	386	212
Loan from a related party of a foreign subsidiary company	1,359	-	-	-
Provision for legal claims (Note 44)	4,857	-	-	-
	<u>7,317</u>	<u>928</u>	<u>386</u>	<u>212</u>

- (a) Hire purchase payables

Future minimum lease payments for hire purchase payables are summarised as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Gross amount payable:				
Within one year after reporting date	728	850	241	267
More than one year but not later than two years	512	518	143	142
More than two years but not later than five years	728	503	300	87
	<u>1,968</u>	<u>1,871</u>	<u>684</u>	<u>496</u>
Less: Unexpired interests	(258)	(197)	(98)	(42)
	<u>1,710</u>	<u>1,674</u>	<u>586</u>	<u>454</u>

NOTES TO THE FINANCIAL STATEMENTS

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22 OTHER LONG TERM LIABILITIES (CONT'D)

(a) Hire purchase payables (Cont'd)

The present value of hire purchase payables are summarised as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Within one year after reporting date	609	746	200	242
More than one year but not later than two years	437	463	115	132
More than two years but not later than five years	664	465	271	80
	1,710	1,674	586	454
Less : Amount payable within 12 months (Note 25)	(609)	(746)	(200)	(242)
Amount payable after 12 months	1,101	928	386	212

23 SHORT TERM BORROWINGS

	Group	
	2018 RM'000	2017 RM'000
Secured:		
Term loans (Note 21)	12,552	32,682
Revolving credits	-	22,223
Vehicle stocking loans	313,704	281,121
Medium term notes (Note 21)	300,000	255,000
	626,256	591,026

The vehicle stocking loans of RM313,704,000 (2017 : RM281,121,000) obtained by foreign subsidiary companies are secured by fixed and floating charges on certain vehicle inventories held.

NOTES TO THE FINANCIAL STATEMENTS

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23 SHORT TERM BORROWINGS (CONT'D)

The range of interest rates per annum at the reporting date for borrowings was as follows:

	Group	
	2018	2017
	%	%
Secured:		
Term loans	3.00 - 4.00	4.50 - 4.88
Revolving credits	-	2.93
Vehicle stocking loans	2.75 - 4.75	1.70 - 3.50
Medium term notes	4.30 - 4.88	4.30 - 6.00

24 PROVISIONS

	Group	
	2018	2017
	RM'000	RM'000
Sales warranty		
At 1 May	1,388	447
Additional provision during the year (Note 28)	457	1,002
Utilised during the year	(59)	(144)
Exchange differences	(164)	83
At 30 April	1,622	1,388
Restoration costs		
At 1 May / 30 April	971	971
Total	2,593	2,359

(a) Sales warranty

A foreign subsidiary provides 3 to 12 months (2017 : 3 to 12 months) warranties on certain products and undertakes to provide 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.

NOTES TO THE FINANCIAL STATEMENTS

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25 PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Trade payables	127,188	141,368	-	-
Pool betting duty payables	20,413	19,757	-	-
Other payables	196,872	175,646	18	15
Accruals	211,031	238,503	733	707
Agency deposits	37,750	37,841	-	-
Hire purchase payable within 12 months (Note 22)	609	746	200	242
	593,863	613,861	951	964
Dividend payables	53,926	507	53,897	478
Deferred income	4,126	4,873	-	-
	651,915	619,241	54,848	1,442

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 184 days (2017 : 1 to 184 days).

26 AMOUNTS DUE TO SUBSIDIARY COMPANIES

	Company	
	2018	2017
	RM'000	RM'000
Amounts due to subsidiary companies	896,869	875,300
Less : Amount payable within 12 months	(381,912)	(306,420)
Amount payable after 12 months	514,957	568,880

Amounts due to subsidiary companies are unsecured and interest bearing except for an amount of RM2,634,000 (2017 : RM2,642,000) which is non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Dividend income	-	-	296,497	216,043
Management fee income	-	-	300	300
Toto betting and leasing of lottery equipment income	3,251,961	3,261,228	-	-
Sale of motor vehicles, charges for aftersales, insurance, repair and maintenance services rendered	2,341,470	2,345,438	-	-
Sale of lottery and voting systems and spare parts	48,281	103,804	-	-
Income from supply of goods and services from hotel operations	10,429	12,655	-	-
Rental income and service charges from investment properties (Note 28)	6,113	5,878	-	-
Income from health and fitness centre operation	2,333	2,393	-	-
	<u>5,660,587</u>	<u>5,731,396</u>	<u>296,797</u>	<u>216,343</u>

NOTES TO THE FINANCIAL STATEMENTS

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28 PROFIT BEFORE OTHER INCOME AND EXPENSES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before other income and expenses is stated after charging:				
Auditors' remuneration				
- statutory audit:				
- auditors of the Company				
- current year	332	302	108	101
- underprovision in previous years	21	8	4	4
- other auditors (other than Ernst & Young)				
- current year	745	718	-	-
- (over)/under provision in previous years	(103)	12	-	-
- other services				
- auditors of the Company	7	6	7	6
Amortisation of intangible assets (Note 9)	417	459	-	-
Depreciation of property, plant and equipment	33,715	31,371	363	434
Directors' remuneration:				
- fees	1,299	1,256	225	191
- salaries and other emoluments	32,610	47,320	956	1,480
- defined contribution plans	3,976	7,108	78	214
- defined benefit plans (Note 20(i))	258	8	-	-
- performance incentive	-	6,050	-	-
- bonus	981	674	72	191
Operating lease:				
- minimum lease payments of premises	39,094	38,277	3,016	3,009
- minimum lease payments of equipment	1,588	1,538	9	12
Contribution to National Sports Council	40,338	36,944	-	-
Allowance for impairment				
- trade receivables (Note 11(a))	352	-	-	-
- other receivables (Note 11(b))	105	-	-	-
- amounts due from subsidiary companies (Note 12)	-	-	6	24

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

28 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before other income and expenses is stated after charging (Cont'd):				
Loss on disposal of				
property, plant and equipment	245	502	-	5
Realised loss on foreign exchange	997	275	-	-
Unrealised (gain)/loss on foreign exchange	(3,933)	6,004	-	-
Provision for sales warranty (Note 24)	457	1,002	-	-
Inventories written down	296	4,639	-	-
Direct operating expenses of investment properties:				
- revenue generating	2,765	2,703	-	-
- non-revenue generating	180	183	-	-
Property, plant and equipment written off:				
- included in general and administrative expenses	195	164	3	-
Employee benefit expenses (Note b): (excluding directors)	242,332	239,549	4,793	4,547
Profit before other income and expenses is stated after crediting:				
Gain on disposal of				
property, plant and equipment	97	830	-	-
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)	6,113	5,878	-	-
- included in other income (Note 31)	1,203	1,259	-	-

The estimated monetary value of benefits-in-kind received by the directors were RM115,000 (2017 : RM126,000) for the Group and RM43,000 (2017 : RM43,000) for the Company.

NOTES TO THE FINANCIAL STATEMENTS

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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
2018					
Executive	64	72	7,039	827	8,002
Non-executive	225	43	1,034	72	1,374
	<u>289</u>	<u>115</u>	<u>8,073</u>	<u>899</u>	<u>9,376</u>
2017					
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) Employee benefit expenses

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and other allowances	207,522	205,640	3,796	3,669
Social security costs and employee insurance	16,231	17,125	123	116
Bonus	9,342	7,458	390	286
Pension costs				
- defined contribution plans	8,951	8,311	484	462
- defined benefit plans (Note 20(i))	338	755	-	-
Provision for short term compensated absences	(52)	260	-	14
	<u>242,332</u>	<u>239,549</u>	<u>4,793</u>	<u>4,547</u>

NOTES TO THE FINANCIAL STATEMENTS

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29 INVESTMENT RELATED INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Dividend income from investments	1,886	1,424	-	-
Net fair value gain on available-for-sale equity investments transferred from equity upon disposal	-	141	-	-
Fair value adjustments of investment properties (Note 7)	1,175	1,035	-	-
Net reversal of impairment in value of investment in subsidiary companies (Note 4)	-	-	54,709	-
	<u>3,061</u>	<u>2,600</u>	<u>54,709</u>	<u>-</u>

30 INVESTMENT RELATED EXPENSES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Impairment in value of investment in subsidiary companies (Note 4)	-	-	-	678,087
Impairment in value of available-for-sale investments (Note 6)	17,493	375	-	-
Impairment of goodwill (Note 9)	11,800	-	-	-
Net fair value loss on available-for-sale equity investments transferred from equity upon disposal	4,140	-	-	-
Net impairment in value of investment in associated companies (Note 5)	-	-	4,952	-
Loss on deemed disposal of an associated company (Note 5)	-	8,578	-	-
	<u>33,433</u>	<u>8,953</u>	<u>4,952</u>	<u>678,087</u>

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31 OTHER INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other income comprise:				
Interest income on loans and receivables:				
- deposits with financial institutions	11,073	10,917	461	604
- advances to subsidiary companies	-	-	19,811	16,936
- others	10,107	10,839	-	-
Others:				
- operating lease income (Note 28)	1,203	1,259	-	-
- miscellaneous	4,488	6,432	-	-
	<u>26,871</u>	<u>29,447</u>	<u>20,272</u>	<u>17,540</u>

32 FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest on:				
- advances from a subsidiary company	-	-	39,135	39,225
- term loans	2,155	1,674	-	-
- medium term notes	37,433	38,027	-	-
- hire purchase	139	131	38	38
- vehicle stocking loans	10,150	9,973	-	-
- defined benefit pension scheme (Note 20 (i))	101	172	-	-
- revolving credits	-	613	-	-
Other finance charges	997	356	803	287
	<u>50,975</u>	<u>50,946</u>	<u>39,976</u>	<u>39,550</u>

NOTES TO THE FINANCIAL STATEMENTS

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33 TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current year tax expense:				
Malaysian income tax	104,110	94,766	-	-
Foreign tax	28,126	26,928	-	-
	132,236	121,694	-	-
Underprovision in prior years:				
Malaysian income tax	160	1,072	-	-
Foreign tax	1,117	66	-	-
	1,277	1,138	-	-
	133,513	122,832	-	-
Deferred tax (Note 8):				
Relating to origination and reversal of temporary differences	5,776	6,602	-	-
	139,289	129,434	-	-

Domestic current income tax is calculated at the statutory tax rate of 24% (2017 : 24%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(loss) before tax	377,233	376,141	310,306	(500,721)
Tax at Malaysian statutory tax rate of 24% (2017 : 24%)	90,536	90,274	74,473	(120,173)
Different tax rates in the foreign subsidiary companies	2,752	(2,900)	-	-
Expenses not deductible for tax purposes	46,105	41,596	12,517	174,022
Income not subject to tax	(5,201)	(4,052)	(87,574)	(54,749)
Effect of withholding tax	-	38	-	-
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(39)	(254)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	3,859	3,594	584	900
Underprovision of tax expense in prior years	1,277	1,138	-	-
Tax expense for the year	139,289	129,434	-	-

Tax savings during the financial year arising from:

	Company	
	2018 RM'000	2017 RM'000
Utilisation of current year losses	842	679

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34 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit for the year attributable to owners of the parent 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:

	Group	
	2018 RM'000	2017 RM'000
Profit attributable to owners of the parent	229,658	237,131
Weighted average number of shares with voting rights outstanding ('000)	1,347,210	1,347,972
Basic earnings per share (sen)	17.05	17.59

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the year.

35 DIVIDENDS PER SHARE

	Company			
	2018		2017	
	Dividends per share Sen	Amount of dividend RM'000	Dividends per share Sen	Amount of dividend RM'000
Recognised during the year:				
Interim dividends				
<u>In respect of preceding financial year</u>				
- 4th interim - 3 sen single tier per share approved in respect of financial year ended 30 April 2017 (2017 : 5 sen single tier per share)	3.00	40,439	5.00	67,399
<u>In respect of current year</u>				
- 1st interim - 4 sen single tier per share (2017 : 4 sen single tier per share)	4.00	53,880	4.00	53,919
- 2nd interim - 4 sen single tier per share (2017 : 4 sen single tier per share)	4.00	53,880	4.00	53,919
- 3rd interim - 4 sen single tier per share (2017 : 3 sen single tier per share)	4.00	53,880	3.00	40,439
		<u>202,079</u>		<u>215,676</u>

On 18 June 2018, the directors of the Company declared and approved a fourth interim single tier dividend of 4 sen per share on 1,347,000,000 ordinary shares with voting rights in respect of financial year ended 30 April 2018 amounting to RM53,880,000. 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 2019.

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36 FINANCIAL GUARANTEE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Financial guarantee - secured</u>				
Corporate guarantee of RM800.0 million (2017 : RM775.0 million) given by the Company to the holders of medium term notes issued by a wholly-owned subsidiary company	-	-	*	*
Corporate guarantee of Php220.0 million equivalent to RM16.7 million (2017 : Php240.0 million equivalent to RM20.9 million) provided to a financial institution by a foreign subsidiary company for a facility granted to its associated company	*	*	-	-
Corporate guarantee of Php412.5 million equivalent to RM31.3 million (2017 : Php700.0 million equivalent to RM60.9 million) 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital expenditures:				
- Approved and contracted for	6,869	3,886	-	-
- Approved but not contracted for	12,071	20,511	-	-
	<u>18,940</u>	<u>24,397</u>	<u>-</u>	<u>-</u>

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37 CAPITAL AND LEASE COMMITMENTS (CONT'D)

(b) Non-cancellable operating lease commitments - Group and Company as lessees

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Future minimum lease payable:				
Not later than one year	32,237	41,365	2,636	2,785
Later than one year but not later than five years	88,957	97,109	2	313
Later than five years	86,976	107,639	-	-
	208,170	246,113	2,638	3,098

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	
	2018 RM'000	2017 RM'000
Future minimum rental receivable:		
Not later than one year	5,974	6,417
Later than one year but not later than five years	11,979	15,389
Later than five years	1,969	4,355
	19,922	26,161

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.

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38 SIGNIFICANT RELATED PARTY DISCLOSURES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income from				
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	13,687	12,076
- Magna Mahsuri Sdn Bhd - (a)	-	-	5,403	4,344
- FEAB Properties Sdn Bhd - (a)	-	-	704	501
Interest expense to				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(39,135)	(39,225)
Purchases of consumables from				
- Graphic Press Group Sdn Bhd - (c)	(12,814)	(11,113)	(5)	(4)
Advances to / repayment to				
- Sports Toto Malaysia Sdn Bhd - (a)	-	-	(17,558)	(10,909)
- FEAB Properties Sdn Bhd - (a)	-	-	(1,530)	(2,009)
- Magna Mahsuri Sdn Bhd - (a)	-	-	(11,729)	(11,208)
- Berjaya Sports Toto (Cayman) Limited - (a)	-	-	(8,750)	(9,432)
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)	(4,420)	(4,168)	-	-
Rental charges by				
- Nada Embun Sdn Bhd - (c)	(1,868)	(1,862)	(296)	(289)
- Ambilan Imej Sdn Bhd - (c)	(2,535)	(2,535)	(2,535)	(2,535)
- Berjaya Times Square Sdn Bhd - (f)	(516)	(430)	-	-
- Ascot Sports Sdn Bhd - (h)	(300)	(292)	-	-
Rental income from				
- U Mobile Sdn Bhd - (d)	1,334	1,334	-	-
- Berjaya Higher Education Sdn Bhd - (c)	2,334	2,350	-	-
Share registration services rendered by				
- Berjaya Registration Services Sdn Bhd - (c)	(501)	(532)	(501)	(532)
Receipt of leasing and hire purchase facilities from				
- Prime Credit Leasing Sdn Bhd - (c)	(683)	(416)	(234)	(135)
Parking charges by				
- BTS Car Park Sdn Bhd - (f)	(436)	(422)	(23)	(23)
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)	(1,257)	(1,258)	(926)	(1,009)
Purchase of motor vehicles, component parts and other related products and services				
- Roda Indah Sdn Bhd - (h)	(560)	(36)	-	-

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38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Aircraft leasing charges by				
- Berjaya Air Sdn Bhd - (c)	(1,500)	(1,500)	-	-
- Berjaya Jet Charter Sdn Bhd - (c)	(9,491)	(5,545)	-	-
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)	28,910	83,048	-	-
- Natural Avenue Sdn Bhd - (f)	631	641	-	-
Advertising and publishing services charges by				
- Sun Media Corporation Sdn Bhd - (g)	(890)	(1,370)	(19)	(25)

Other significant related party transactions and balances have been disclosed in Notes 11, 12, 25, 26, 27 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, who resigned as director of the Company during the year;
- (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.

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38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

Certain professional fee amounting to RM5,777,000 (2017 : RM6,678,000) 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.

A foreign subsidiary company had placements inclusive of interest receivable amounting to RM58,939,000 (2017 : RM34,151,000) at the reporting date with a foreign asset management firm of which a director of the foreign subsidiary company has an interest. Subsequent to the financial year end, the placements together with the interest receivable were fully redeemed.

The compensation (including benefits-in-kind) of the key management personnel of the Group are as follows:

	<u>Group</u>	
	2018 RM'000	2017 RM'000
Short-term benefits	35,005	55,426
Post-employment benefits	4,234	7,116
	<u>39,239</u>	<u>62,542</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:

	Note	<u>GROUP</u>			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>At 30 April 2018</u>					
Non-financial assets					
Investment properties	7	-	69,363	67,356	136,719
<u>At 30 April 2017</u>					
Non-financial assets					
Investment properties	7	-	45,579	67,356	112,935

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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 3% and 55% (2017 : 2% and 63%) 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:

	Group	
	2018 RM'000	2017 RM'000
At beginning of the year	67,356	67,056
Fair value adjustment	-	300
At end of the year	<u>67,356</u>	<u>67,356</u>

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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
<u>At 30 April 2018</u>					
Financial assets					
Long term investments	6	85,833	10,012	-	95,845
<u>At 30 April 2017</u>					
Financial assets					
Long term investments	6	80,963	7,315	-	88,278

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>2018</u>	Note				
Assets					
Long term investments	6	104,721	-	-	104,721
Trade and other receivables	11	-	445,728	-	445,728
Deposits with financial institutions	13	-	290,030	-	290,030
Cash and bank balances	13	-	128,149	-	128,149
Total financial assets		104,721	863,907	-	968,628
Total non-financial assets					1,662,429
Total assets					2,631,057

NOTES TO THE FINANCIAL STATEMENTS

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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
2018					
Liabilities					
Trade and other payables	25	-	-	593,863	593,863
Other long term liabilities	22	-	-	1,101	1,101
Long term borrowings	21	-	-	530,415	530,415
Short term borrowings	23	-	-	626,256	626,256
Total financial liabilities		-	-	1,751,635	1,751,635
Total non-financial liabilities					93,025
Total liabilities					1,844,660
2017					
Assets					
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
Liabilities					
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

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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
2018				
Assets				
Other receivables	11	725	-	725
Amounts due from subsidiary companies	12	327,714	-	327,714
Deposits with financial institutions	13	66,400	-	66,400
Cash and bank balances	13	3,399	-	3,399
Total financial assets		398,238	-	398,238
Total non-financial assets				4,644,482
Total assets				5,042,720
Liabilities				
Other payables	25	-	951	951
Amounts due to subsidiary companies	26	-	896,869	896,869
Other long term liability	22	-	386	386
Total financial liabilities		-	898,206	898,206
Total non-financial liabilities				53,897
Total liabilities				952,103
2017				
Assets				
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
Liabilities				
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

NOTES TO THE FINANCIAL STATEMENTS

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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 value due to the insignificant impact of discounting.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to either insignificant impact of discounting or they are floating rate instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS

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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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2018				
Financial liabilities:				
Group				
Trade and other payables	593,254	-	-	593,254
Borrowings	666,872	553,899	-	1,220,771
Hire purchase payables	728	1,240	-	1,968
	<u>1,260,854</u>	<u>555,139</u>	<u>-</u>	<u>1,815,993</u>

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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>2018 (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
Financial liabilities (cont'd):				
Company				
Other payables	751	-	-	751
Amounts due to subsidiary companies	418,565	536,228	-	954,793
Hire purchase payables	241	443	-	684
	<u>419,557</u>	<u>536,671</u>	<u>-</u>	<u>956,228</u>
<u>2017</u>				
Financial liabilities:				
Group				
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>
Company				
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>

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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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Fixed rate instruments</u>				
Financial assets	455,753	444,486	66,400	15,000
Financial liabilities	801,710	776,674	604,877	582,601
<u>Floating rate instruments</u>				
Financial assets	-	-	327,465	285,643
Financial liabilities	358,029	368,000	289,943	290,510

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 RM895,000 (2017 : RM920,000) and RM94,000 (2017 : RM12,000) 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 RM858,000 (2017 : RM883,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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 2018 and 2017.

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 2018 and 2017 are as follows:

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Long term borrowings	21	530,415	551,974	-	-
Short term borrowings	23	626,256	591,026	-	-
Hire purchase payables	22	1,710	1,674	586	454
Total debts		1,158,381	1,144,674	586	454
Total equity		786,397	812,252	4,090,617	3,984,649
Gearing ratio		1.47	1.41	- *	- *

* The amount is negligible as the Company does not have borrowings other than hire purchase payables.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

43 SEGMENT INFORMATION

(a) Business Segments:

30 April 2018

	Toto betting and leasing of lottery equipment RM'000	Motor vehicle dealership RM'000	Others * RM'000	Inter- segment RM'000	Consolidated RM'000
Revenue					
External sales	3,251,961	2,341,470	67,156	-	5,660,587
Inter-segment sales	-	1,025	19,628	(20,653)	-
					<u>5,660,587</u>
Results					
Segment results	420,842	42,696	(13,339)	(9,025)	441,174
Unallocated					
corporate expenses					<u>(16,521)</u>
Profit before other					
income and expenses					424,653
Investment related income					3,061
Investment					
related expenses					(33,433)
Other income					26,871
Finance costs					(50,975)
Share of results of					
associated companies					<u>7,056</u>
Profit before tax					377,233
Taxation					<u>(139,289)</u>
Profit for the year					237,944
Non-controlling interests					<u>(8,286)</u>
Profit attributable to					
owners of the Parent					<u>229,658</u>
Assets					
Segment assets	1,901,021	894,674	541,302	(907,823)	2,429,174
Investment in					
equity method of					
associated companies					83,133
Unallocated					
corporate assets					<u>118,750</u>
Consolidated total assets					<u>2,631,057</u>

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

43 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd):

30 April 2018 (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
Liabilities					
Segment liabilities	343,627	298,574	361,034	(394,849)	608,386
Unallocated					
corporate liabilities					1,236,274
Consolidated					
total liabilities					1,844,660
Other information					
Capital expenditure	10,326	18,132	2,577	-	31,035
- Unallocated					
corporate expenses					1,282
					32,317
Depreciation					
and amortisation	16,202	17,976	4,144	(4,553)	33,769
- Unallocated					
corporate expenses					363
					34,132
Property, plant and					
equipment write-off	156	26	10	-	192
- Unallocated					
corporate expenses					3
					195
Impairment loss	11,826	-	17,467	-	29,293
- Unallocated					
corporate expenses					-
					29,293
Other non-cash expenses	354	1,017	560	-	1,931

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

43 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd):

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
Revenue					
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>
Results					
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>
Assets					
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>

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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
Liabilities					
Segment liabilities	357,064	266,546	316,972	(316,459)	624,123
Unallocated corporate liabilities					<u>1,168,077</u>
Consolidated total liabilities					<u><u>1,792,200</u></u>
Other information					
Capital expenditure	15,832	12,779	2,661	(1,437)	29,835
- Unallocated corporate expenses					<u>187</u>
					30,022
Depreciation and amortisation	14,365	16,880	4,590	(4,439)	31,396
- Unallocated corporate expenses					<u>434</u>
					31,830
Property, plant and equipment write-off	164	-	-	-	164
- Unallocated corporate expenses					<u>-</u>
					164
Impairment loss	28	-	347	-	375
- Unallocated corporate expenses					<u>-</u>
					375
Other non-cash expenses	<u>434</u>	<u>5,089</u>	<u>7,057</u>	<u>-</u>	<u><u>12,580</u></u>

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

43 SEGMENT INFORMATION (CONT'D)

(b) Geographical Segments:

Total Revenue From External Customers

	Group	
	2018	2017
	RM'000	RM'000
Malaysia	3,145,909	3,129,570
Others	2,514,678	2,601,826
	<u>5,660,587</u>	<u>5,731,396</u>

Segment Assets

	Group	
	2018	2017
	RM'000	RM'000
Malaysia	1,008,239	1,039,266
Others	1,531,937	1,482,970
Unallocated corporate assets	90,881	82,216
	<u>2,631,057</u>	<u>2,604,452</u>

Capital Expenditure

	Group	
	2018	2017
	RM'000	RM'000
Malaysia	9,748	12,127
Others	21,287	17,708
Unallocated corporate expenses	1,282	187
	<u>32,317</u>	<u>30,022</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.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

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.

On 1 March 2018, the Company announced that its 88.26%-owned subsidiary, Berjaya Philippines Inc. ("BPI"), the immediate holding company of PGMC, which is listed on the Philippine Stock Exchange ("PSE") has on even date released an announcement to PSE that PGMC had received the Final Award issued by the Arbitral Tribunal which ruled that PGMC "does not have an exclusive contractual right to supply an online lottery system for Luzon" because the 1995 Equipment Lease Agreement and the 2004 Amendments to the Equipment Lease Agreement "do not grant such exclusivity in their terms". The Arbitral Tribunal also ordered PGMC to pay all of PCSO's reasonable costs and expenses in the arbitration, which amount to Php53.6 million (equivalent to approximately RM4.068 million), and to reimburse PCSO the amount of USD200,000 (equivalent to approximately RM789,000), which PCSO paid as advance on costs.

PGMC has filed a Petition with the Makati Regional Trial Court to appeal on all aspects of the Final Award and argue that more than 15 years of exclusivity as acknowledged by PCSO should prevail in determining the award, and that the compensation structure which accords PGMC with a share of all lottery revenue from Luzon does not permit any third party supplier of lottery equipment to reduce or share in the revenue arising from Luzon that is contractually provided for PGMC. The Petition is still pending as at 30 April 2018.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2018

45 COMPARATIVE FIGURES

Certain comparative figures have been adjusted and reclassified to conform with the current year's presentation.

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Company			
<u>Statement of Cash Flows</u>			
Cash Flows from Investing Activities			
- Repayment to subsidiary companies	(10,909)	10,909	-
- Other payments arising from investments	-	(1,336)	(1,336)
Cash Flows from Financing Activities			
- Repayment to subsidiary companies	-	(10,909)	(10,909)
- Other payments arising from investments	(1,336)	1,336	-

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, which comprise the statements of financial position as at 30 April 2018 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 70 to 191.

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 2018 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters in respect of the audit of the financial statements of the Group

a) 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 accounted for 55.1% of the Group's revenue. The related cost of sales from toto betting operations was RM2.47 billion, which accounted for 54.5% 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 related to revenue and cost of sales from toto betting operations are provided in Note 2.2 (v).

Our procedures to address this area of focus included, amongst others, the following:

- obtained an understanding of the relevant internal controls over the process of recording of revenue and cost of sales;
- 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 the 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;
- 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;
- 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;
- performed reconciliation of cash receipts to revenue recorded in the financial statements; and
- 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

Key audit matters in respect of the audit of the financial statements of the Group (Cont'd)

b) Impairment of goodwill and intangible assets

(Refer to summary of significant accounting policies in Note 2.2 (f), significant accounting estimates and judgement in Note 2.5 (b) (i), and the disclosure of intangible assets in Note 9 to the financial statements.)

Goodwill and dealership rights with an indefinite useful life, amounting to RM709.3 million and RM56.2 million, formed 58.4% and 29.1% of non-current assets and total assets of the Group as at 30 April 2018. Of these amounts, goodwill of RM623.2 million has been allocated to the gaming segment in Malaysia and the Philippines, whilst goodwill and dealership rights of RM131.1 million have been allocated to the car dealership operations in the United Kingdom.

Goodwill and indefinite life dealership rights are subject to an annual impairment test. The Group estimated the recoverable amount of the respective cash generating unit ("CGU") based on their respective value-in-use ("VIU"). Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that would be derived from the CGU, and discounting them at an appropriate rate.

The cash flow forecasts included a number of significant judgements and estimates such as:

- in respect of the gaming operations, the revenue growth rate, payout ratio, discount rate and terminal growth rate applicable to the respective countries; and
- in respect of the car dealership operations, the forecasted sales volume and pricing, inflationary effects on the cost of purchase of motor vehicles, discount rate and terminal growth rate.

We considered this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the respective CGUs. 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:

- involved our internal valuation experts in reviewing the impairment assessment performed by management on the respective CGUs;
- obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- evaluated the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters in respect of the audit of the financial statements of the Group (Cont'd)

b) Impairment of goodwill and intangible assets (cont'd)

- checked the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy;
- evaluated whether key assumptions which comprised the revenue growth rate and payout ratio for the gaming operations, and the forecasted sales volume and pricing and inflationary effects on the cost of purchase of motor vehicles for the car dealership operations, as well as terminal growth rates, were 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;
- 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
- analysed the sensitivity of the key assumptions by assessing the impact of changes to 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 was most sensitive. The disclosures on key assumptions and sensitivities are included in Note 9.

c) Inventories valuations

(Refer to summary of significant accounting policies in Note 2.2 (g), and the disclosure of inventories in Note 10 to the financial statements.)

Included in inventories of the Group were inventories amounting to RM363.7 million held by the Group's car dealership segment in the United Kingdom ("UK"), which represented 27.6% and 13.8% of current assets and total assets of the Group. These inventories include new and used cars, and cars used for demonstration purposes, which were stated at the lower of cost and net realisable value ("NRV").

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters in respect of the audit of the financial statements of the Group (Cont'd)

c) Inventories valuations (cont'd)

We considered 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).

Our procedures to address this area of focus included, amongst others, the following:

- held discussions with the component auditors regarding the scope, nature and timing of their work to address this area of focus;
- 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; and
 - in addressing the risk of overstatement of inventories, used information from trade guides and other trade publications to corroborate estimated NRV and assessed the headroom between cost and the estimated NRV.
- reviewed and assessed the adequacy of the Group's disclosures relating to inventories.

Key audit matters in respect of the audit of the financial statements of the Company

a) Impairment assessment of investment in subsidiary companies

(Refer to summary of significant accounting policies in Note 2.2 (f), key sources of estimation uncertainty in Note 2.5 (b) (iv), and the disclosure of investment in subsidiary companies in Note 4 to the financial statements.)

As at 30 April 2018, the carrying amount of the investment in subsidiary companies of the Company amounted to RM4.6 billion, representing 99.6% and 90.5% of the Company's total non-current assets and total assets respectively.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters in respect of the audit of the financial statements of the Company (Cont'd)

a) Impairment assessment of investment in subsidiary companies (cont'd)

The Company reviewed the investment in subsidiary companies for indications of impairment. Accordingly, the Company performed an impairment assessment to determine the recoverable amounts of investment in subsidiary companies with indications of impairment. The Company estimated the recoverable amount of the respective cash generating units ("CGUs") based on their respective value-in-use ("VIU"). Estimating the VIU of the CGUs involved estimates made by the 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, included a number of significant judgements and estimates such as the revenue growth rate, payout ratio, discount rate and terminal growth rate.

We considered this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions made may lead to a significant change in the recoverable amount of the investment in subsidiary companies.

Our procedures to address this area of focus included, amongst others, the following:

- involved our internal valuation experts in reviewing the impairment assessment performed by management on the CGUs identified;
- obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- evaluated the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;
- checked the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy;
- evaluated whether key assumptions which comprised the revenue growth rate and payout ratio for the gaming operations were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth;

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Key audit matters in respect of the audit of the financial statements of the Company (Cont'd)

- a) Impairment assessment of investment in subsidiary companies (cont'd)
- 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 market in which the respective subsidiary company operates or equivalent data for peer companies; and
 - analysed the sensitivity of the key assumptions by assessing the impact of changes to 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 was most sensitive.

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' reports, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

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;
- (c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Auditors' responsibilities for the audit of the financial statements (Cont'd)

- (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; and
- (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 that 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 4 to the financial statements.

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

6 August 2018

Kua Choo Kai

No. 02030/03/2020 J

Chartered Accountant

LIST OF MAJOR PROPERTIES

AS AT 30 APRIL 2018

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	78 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	15 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	46 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	22 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	41 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	04.12.2009	17 yrs	586 sq. m	Hotel - 223 guest rooms	N/A	46,130
No. 26, Jalan 14/48A Sentul Raya Boulevard Off Jalan Sentul, Sentul 51000 Kuala Lumpur	Freehold	10.05.2012	22 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	7,107
1053 Great West Road Brentford, Middlesex, TW8 9AT United Kingdom	Freehold	27.11.2015	35 yrs	1,685 sq. m	4-storey office block fronting a single storey warehouse at the rear for rental	22,412	N/A
22A Upbrook Mews, Bayswater London W2 3HG United Kingdom	Freehold	22.09.2016	138 yrs	1,422 sq. ft.	4 Storey mid terraced mews style house - vacant	12,521	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 2018, 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 2018 amounted to RM41,000 (2017 : RM39,000).

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

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)
Berjaya Corporation Berhad and its unlisted subsidiary companies			
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	501
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	(3)
Inter-Pacific Trading Sdn Bhd	Purchase of stationery products	Berjaya Sports Toto Berhad Group	122
Berjaya Education Sdn Bhd	Receipt of education and staff training services	Berjaya Sports Toto Berhad Group	132
Graphic Press Group Sdn Bhd	Procurement of Toto betting slips and other printing services	Berjaya Sports Toto Berhad Group	12,814
Prime Credit Leasing Sdn Bhd	Receipt of leasing and hire purchase facilities	Berjaya Sports Toto Berhad Group	683
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	86
Berjaya Gia Think 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.	(28,910)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
Berjaya Land Berhad and/or its unlisted subsidiary companies			
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	4,420
	Rental income for renting of apartment at Apartment Block, Plaza Berjaya	FEAB Properties Sdn Bhd	(16)
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	1,868
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	9,491
Nural Enterprise Sdn Bhd	Rental for renting of apartments at Apartment Block, Plaza Berjaya	Sports Toto Malaysia Sdn Bhd	36
Berjaya Assets Berhad and/or its unlisted subsidiary companies			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems support services as well as receipt of licensing fee	International Lottery & Totalizator Systems, Inc.	(631)
BTS Car Park Sdn Bhd	Parking charges for leasing of parking bays	Berjaya Sports Toto Berhad Group	436
Berjaya Times Square Sdn Bhd	Rental for renting of shoplot at part of Level 6, Berjaya Times Square	Sports Toto Fitness Sdn Bhd	516

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
Berjaya Media Berhad and/or its unlisted subsidiary company			
Sun Media Corporation Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad Group	890
Other related parties			
Roda Indah Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Berjaya Sports Toto Berhad Group	560
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	1,257
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	300

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 18 JULY 2018

THE COMPANY

	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Cheah Tek Kuang	–	–	40,278 *	0.00
Seow Swee Pin	92,749	0.01	–	–
Chan Kien Sing	3,610	0.00	–	–
Datuk Robert Yong Kuen Loke	123,667	0.01	–	–

PENULTIMATE HOLDING COMPANY BERJAYA LAND BERHAD

	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Nerine Tan Sheik Ping	2,000,000	0.04	–	–
Datuk Robert Yong Kuen Loke	360,808	0.01	–	–

ULTIMATE HOLDING COMPANY BERJAYA CORPORATION BERHAD

	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Chan Kien Sing	49,118	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			
	Direct Interest	%	Deemed Interest	%
Chan Kien Sing	10,000	0.00	–	–
Nerine Tan Sheik Ping	132,000	0.02	–	–
Datuk Robert Yong Kuen Loke	2,516,508	0.39	–	–

	Number of Warrants 2012/2022			
	Direct Interest	%	Deemed Interest	%
Chan Kien Sing	10,000	0.00	–	–
Datuk Robert Yong Kuen Loke	170,108	0.02	–	–

* Denotes indirect interest held pursuant to Section 59(11)(c) of the Companies Act 2016.

Save as disclosed, none of the other Directors of the Company had any interests in the shares, warrants and debentures of the Company or its related corporations as at 18 July 2018.

STATISTICS ON SHAREHOLDINGS

AS AT 18 JULY 2018

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Ordinary Shares	%
less than 100	4,034	9.21	146,747	0.01
100 - 1,000	3,898	8.90	1,964,772	0.15
1,001 - 10,000	27,800	63.49	92,150,234	6.84
10,001 - 100,000	7,291	16.65	183,898,997	13.65
100,001 - 67,349,999	763	1.75	868,323,493	64.46
67,350,000* and above	1	0.00	200,515,757	14.89
Total	43,787	100.00	1,347,000,000	100.00

Note:

Each share entitles the holder to one vote.

* Denote 5% of the total number of issued shares with voting rights.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 JULY 2018

Name of Shareholders	No. of Ordinary Shares	%
1 Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd</i>	200,515,757	14.89
2 Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad</i>	40,773,540	3.03
3 CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad (G-CBDT4-RC2)</i>	37,329,965	2.77
4 CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (BLB-RC4-Conglo)</i>	36,109,020	2.68
5 UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)</i>	29,580,014	2.20
6 CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad (BLB-RC4-Conglo)</i>	29,413,454	2.18
7 Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	24,312,141	1.80
8 HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Corporation Berhad</i>	20,695,000	1.54
9 Gateway Benefit Sdn Bhd	19,807,601	1.47
10 CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For B.L.Capital Sdn Bhd (BLB-RC4 -Conglo)</i>	19,592,960	1.45
11 Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account For B.L. Capital Sdn Bhd (01-00808-016)</i>	19,419,839	1.44

STATISTICS ON SHAREHOLDINGS

AS AT 18 JULY 2018

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 JULY 2018 (CONT'D)

Name of Shareholders	No. of Ordinary Shares	%
12 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 14)</i>	17,892,300	1.33
13 Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank & Trust Company (West CIt OD67)</i>	15,859,608	1.18
14 HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Emerging Markets Stock Index Fund</i>	15,518,998	1.15
15 Berjaya Land Berhad	13,668,445	1.01
16 Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For AIA Bhd.</i>	12,358,691	0.92
17 CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (49486 SFIN)</i>	12,106,867	0.90
18 ABB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Gateway Benefit Sdn Bhd (GBSB RC1/RC2)</i>	10,700,124	0.79
19 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 9)</i>	10,056,838	0.75
20 Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Berjaya Land Berhad</i>	10,000,000	0.74
21 ABB Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad (RC6 Facility)</i>	10,000,000	0.74
22 HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	9,631,687	0.72
23 Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Equity Fund</i>	9,603,200	0.71
24 UOB Kay Hian Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Bizurai Bijak (M) Sdn Bhd (Third Party)</i>	8,950,000	0.66
25 BBL Nominees (Tempatan) Sdn Bhd <i>Gateway Benefit Sdn Bhd</i>	8,850,000	0.66
26 BBL Nominees (Tempatan) Sdn Bhd <i>Berjaya Land Berhad</i>	8,850,000	0.66
27 Kenwingston Sdn Bhd	8,000,000	0.59
28 RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Bizurai Bijak (M) Sdn.Bhd. (Berjaya Corp)</i>	7,632,717	0.57
29 DB (Malaysia) Nominee (Asing) Sdn Bhd <i>SSBT Fund WTAU For Wisdomtree Emerging Markets Smallcap Dividend Fund</i>	7,521,200	0.56
30 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Group Berhad</i>	7,213,952	0.54
	681,963,918	50.63

STATISTICS ON SHAREHOLDINGS

AS AT 18 JULY 2018

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 18 JULY 2018

Names of Substantial Shareholder	← No. of Ordinary Shares →			
	Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	312,269,000	23.18	–	–
Berjaya Land Berhad	182,574,290	13.55	359,359,386(a)	26.68
Teras Mewah Sdn Bhd	–	–	541,933,676(b)	40.23
Juara Sejati Sdn Bhd	–	–	550,433,676(c)	40.86
Berjaya Group Berhad	15,271,094	1.13	599,583,216(d)	44.51
Berjaya Corporation Berhad	40,075,402	2.98	614,854,310(e)	45.65
Tan Sri Dato' Seri Vincent Tan Chee YOUNG	10,305,641	0.77	667,183,566(f)	49.53

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 and Berjaya Capital 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.
- (e) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.
- (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 Berjaya Bright Sdn Bhd (formerly known as 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 Friday, 12 October 2018 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 2018 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM225,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 April 2018. **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 RM1,383,500.00 for the period from 13 October 2018 until the next Annual General Meeting of the Company to be held in 2019. **Resolution 2**
4. To re-elect the following Directors retiring pursuant to Article 98(A) of the Company's Articles of Association:-
 - (i) Datuk Robert Yong Kuen Loke **Resolution 3**
 - (ii) Nerine Tan Sheik Ping **Resolution 4**
5. To re-elect Tan Sri Dato' Seri Tan Kok Ping who retires pursuant to Article 98(E) of the Company's Articles of Association. **Resolution 5**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**
7. 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 total number of issued shares 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."

NOTICE OF ANNUAL GENERAL MEETING

(ii) Proposed Renewal of and New 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 24 August 2018 (“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 number of issued shares 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;

NOTICE OF ANNUAL GENERAL MEETING

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;

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
24 August 2018

NOTICE OF ANNUAL GENERAL MEETING

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 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 13 October 2018 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 Meetings of the Company, assuming full attendance by all the Non-Executive Directors. The estimated amount of remuneration also caters for unforeseen circumstances, for examples, the appointment of additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committees.

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 total number of issued shares 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 11 October 2017 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 and New 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 24 August 2018 which is despatched together with the Company's 2018 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 total number of issued shares 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 24 August 2018 which is despatched together with the Company's 2018 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

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 5 October 2018 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 Friday, 12 October 2018 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 13 October 2018 until the next AGM of the Company		
RESOLUTION 3	- To re-elect Datuk Robert Yong Kuen Loke as Director		
RESOLUTION 4	- To re-elect Nerine Tan Sheik Ping as Director		
RESOLUTION 5	- To re-elect Tan Sri Dato' Seri Tan Kok Ping as Director		
RESOLUTION 6	- To re-appoint Auditors		
RESOLUTION 7	- To approve authority to issue and allot shares		
RESOLUTION 8	- To renew and to seek 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 _____ 2018.

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 5 October 2018 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

2nd fold here

1st fold here

GROUP ADDRESSES

Sports Toto Malaysia Sdn Bhd

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Fax : 03-2141 9581
Email : webmaster@sportstoto.com.my
www.sportstoto.com.my

Berjaya Lottery Management (HK) Limited

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International Lottery & Totalizator Systems, Inc.

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Vista (San Diego)
California 92081-8346
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Email : mktg@ilts.com
www.ilts.com

Berjaya Philippines Inc.

Philippine Gaming Management Corporation
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Metro Manila, Philippines
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Fax : 632-811 2293
www.berjaya.com.ph

H.R. Owen Plc

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London SW7 3TD
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The Company Secretary

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