

## corporate profile

The Berjaya Group of Companies' history dates back to 1984 when the Chairman/ Chief Executive Officer, Tan Sri Dato' Seri Vincent Tan Chee Yioun acquired a major controlling stake in the share capital of Berjaya Industrial Berhad (originally known as Berjaya Kawat Berhad, now known as RekaPacific Berhad) from the founders, Broken Hill Proprietary Ltd, Australia and National Iron & Steel Mills, Singapore. The shareholding change also resulted in a major change in the directorate, direction and dynamic growth of Berjaya Group.



In October 1988, following a major restructuring, Berjaya Group Berhad (then known as Inter-Pacific Industrial Group Berhad) became the holding company of Berjaya Industrial Berhad.

Inter-Pacific Industrial Group Berhad was incorporated as Raleigh Berhad in 1967 as a bicycle manufacturer. In 1969, the Company gained official listing on the Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange).

Today, the Group has a total employee strength of approximately 20,000 and is a diversified entity engaged in the following core businesses:

- Consumer Marketing and Direct Selling;
- Financial Services;
- Vacation Timeshare, Hotels, Resorts & Recreation Development;
- Property Investment and Development;
- Industrial;
- Gaming and Lottery Management;
- Investment Holding and others.

# corporate information

## BOARD OF DIRECTORS

Tan Sri Dato' Seri Vincent Tan Chee Yioun  
*Chairman/Chief Executive Officer*

Tan Sri Dato' Danny Tan Chee Sing  
*Deputy Chairman*

### *Executive Directors*

Datuk Robert Yong Kuen Loke  
Chan Kien Sing  
Freddie Pang Hock Cheng  
Rayvin Tan Yeong Sheik  
Vivienne Cheng Chi Fan

### *Directors*

Dato' Mohd Annuar Bin Zaini  
Tan Sri Datuk Abdul Rahim Bin Haji Din  
Dato' Suleiman Bin Mohd Noor  
Dato' Hj Mohd Yusoff Bin Jaafar  
Mohd Zain Bin Ahmad

## AUDIT COMMITTEE

Chairman/Independent Non-Executive  
Director  
Dato' Suleiman Bin Mohd Noor

Non-Independent Executive Director  
Datuk Robert Yong Kuen Loke

Independent Non-Executive Director  
Tan Sri Datuk Abdul Rahim Bin Haji Din  
Dato' Hj Mohd Yusoff Bin Jaafar

## SECRETARIES

Su Swee Hong (MAICSA No. 0776729)  
Gan Swee Peng (MAICSA No. 7001222)

## SHARE REGISTRARS

Berjaya Registration Services Sdn Bhd  
Lot C1-C3, Block C  
2nd Floor, KL Plaza  
179 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel : 03 - 2145 0533  
Fax : 03 - 2145 9702

## AUDITORS

Ernst & Young  
Chartered Accountants

## REGISTERED OFFICE

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

## PRINCIPAL BANKERS

Affin Bank Berhad  
Alliance Bank Malaysia Berhad  
Alliance Merchant Bank Berhad  
AmBank Berhad  
AmFinance Berhad  
AmMerchant Bank Berhad  
Aseambankers Bank Berhad  
Bank of Nova Scotia Berhad  
EON Bank Berhad  
JP Morgan Chase Bank Berhad  
Malayan Banking Berhad  
Mayban Finance Berhad  
RHB Bank Berhad  
Southern Bank Berhad  
Southern Finance Berhad

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

## STOCK SHORT NAME

BJGROUP (3395)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia



## profiles of board of directors



**TAN SRI DATO' SERI  
VINCENT TAN CHEE YOUN**

Chairman/  
Chief Executive Officer



**TAN SRI DATO' DANNY  
TAN CHEE SING**

Deputy Chairman  
Non-Independent/  
Non-Executive



**DATUK ROBERT  
YONG KUEN LOKE**

Executive Director

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

52 years of age, Malaysian

He was appointed to the Board on 15 August 1987. He was later appointed as Deputy Chairman/Group Chief Executive Officer on 2 February 1989 and subsequently became the Chairman/Chief Executive Officer ("CEO") on 4 October 1994.

He is a businessman and entrepreneur with varied interests in property development, telecommunications, gaming, stockbroking, manufacturing, trading, hospitality, Internet-related businesses, utilities, media, insurance and education through various public and private companies namely, the Berjaya Group of Companies, Intan Utilities Berhad, MOL.com Berhad, DiGi.Com Berhad, Nexnews Berhad, Berjaya Times Square Sdn Bhd, Bukit Tinggi Resort Berhad and Golden Arches Restaurant Sdn Bhd, the local franchisee of the McDonald's fast food chain of restaurants.

He is currently the CEO of Berjaya Sports Toto Berhad, Chairman of DiGi.Com Berhad, MOL.com Berhad, Nexnews Berhad and Informatics Holdings Ltd, Singapore and the Managing Director of Sports Toto Malaysia Sdn Bhd. He also holds directorships in Berjaya Vacation Club Berhad, Bukit Tinggi Resort Berhad, KDE Recreation Berhad, Berjaya Golf Resort Berhad, Bukit Kiara Resort Berhad as well as several other private limited companies including DiGi Telecommunications Sdn Bhd.

His brother, Tan Sri Dato' Danny Tan Chee Sing, and his son, Rayvin Tan Yeong Sheik, are also members of the Board.

### **TAN SRI DATO' DANNY TAN CHEE SING**

49 years of age, Malaysian

He was appointed to the Board on 2 February 1989. Prior to his appointment as Deputy Chairman on 21 September 2001, he was the Managing Director since September 1994.

He is a businessman and entrepreneur with extensive experience in property development, restaurant/resort management, insurance, trading, gaming and stockbroking through his interests in various public and private companies.

Currently, he is also the Deputy Chairman of Berjaya Land Berhad and Dunham-Bush (Malaysia) Bhd, Executive Vice-Chairman of TT Resources Berhad, Chairman and Group Chief Executive Officer of Dijaya Corporation Berhad and Chief Executive Officer of Tropicana Golf & Country Resort Berhad. He also holds directorships in Berjaya Capital Berhad, Cosway Corporation Berhad, MTD Capital Berhad, Bukit Kiara Resort Berhad, Tioman Island Resort Berhad, Berjaya General Insurance Berhad, KDE Recreation Berhad and Berjaya Golf Resort Berhad.

His brother, Tan Sri Dato' Seri Vincent Tan Chee YOUN, and his nephew, Rayvin Tan Yeong Sheik, are also members of the Board.

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

52 years of age, Malaysian

He was appointed to the Board on 1 July 1993 as an Executive Director. He is a fellow member of The Institute of Chartered Accountants (England and Wales), and a member of Malaysian Institute of Accountants and Institute of Certified Public Accountants of Singapore. He is also a Council Member of the Malaysian Institute of Certified Public Accountants. He has many years of working experience in the fields of accounting, audit, treasury and financial management. He started his career in London in 1973 and worked for more than five years in chartered accounting firms in London including two years with Moore Stephens & Co. Subsequently, he served as an Audit Manager with Price Waterhouse, Singapore from 1979 to 1982. Prior to joining the Berjaya Group of Companies in 1987, he served as Group Finance Manager in UMW Holdings Berhad and Group Treasurer in Edaran Otomobil Nasional Bhd.

Currently, he is an Executive Director of Berjaya Land Berhad and Berjaya Sports Toto Berhad. He is also a Director of Cosway Corporation Berhad, Berjaya Capital Berhad, Matrix International Berhad and Taiga Forest Products Ltd (Canada). He also holds directorships in Berjaya Golf Resort Berhad and several other private limited companies.

## profiles of board of directors (continued)



**CHAN KIEN SING**  
Executive Director



**FREDDIE PANG HOCK CHENG**  
Executive Director



**RAYVIN TAN YEONG SHEIK**  
Executive Director

### **CHAN KIEN SING**

48 years of age, Malaysian

He was appointed to the Board on 1 July 1993 as an Executive Director. He is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Having articulated with Messrs Peat Marwick Mitchell (now known as KPMG) from 1975 to 1981, he subsequently joined Arab-Malaysian a Merchant Bank Berhad (now known as AmMerchant Bank Berhad) specialising in corporate finance until 1989 when he joined Berjaya Group Berhad as General Manager, Investments.

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

### **FREDDIE PANG HOCK CHENG**

49 years of age, Malaysian

He was appointed to the Board on 15 September 1995 as an Executive Director. He began his career with Messrs Ernst & Young where he worked for seven years until 1982 during which he qualified for entry as a member of the Malaysian Institute of Certified Public Accountants. He is also a member of the Malaysian Institute of Accountants. In the same year, he joined the Corporate Advisory Department of Malaysian International Merchant Bankers Berhad where he was actively involved in a wide variety of corporate exercises in an advisory capacity until his departure in 1990 to join Berjaya Group Berhad.

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

### **RAYVIN TAN YEONG SHEIK**

25 years of age, Malaysian

He was appointed to the Board on 1 May 2002 as an Executive Director. He graduated with a Bachelor of Science (First Class Hons) degree in Accounting and Finance from the London School of Economics, United Kingdom, in 2000.

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

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

Currently, he is also a Director of Singer (Malaysia) Sdn Bhd, Taiga Forest Products Ltd (Canada) and several other private limited companies.

His father, Tan Sri Dato' Seri Vincent Tan Chee Yoon, and his uncle, Tan Sri Dato' Danny Tan Chee Sing, are also members of the Board.



**VIVIENNE CHENG CHI FAN**  
Executive Director



**DATO' MOHD ANNUAR BIN ZAINI**

Non-Independent/  
Non-Executive Director



**DATO' SULEIMAN BIN MOHD NOOR**

Independent/  
Non-Executive Director

**VIVIENNE CHENG CHI FAN**

45 years of age, Malaysian

She was appointed to the Board on 12 December 2002 as an Executive Director. She obtained her Bachelor degree in Economics (Accounting) from Monash University, Australia in 1982 and was subsequently admitted as a member of the Australian Society of Accountants.

She has over 19 years of working experience in the field of treasury and finance and has arranged varied and innovative type of financing structures and investments. Prior to joining the Treasury Department of Berjaya Group Berhad in 1989, she was attached to Sungei Way Group of Companies for 6 years and headed its Treasury Division.

She currently holds directorships in several private companies in the Berjaya Group of Companies.

**DATO' MOHD ANNUAR BIN ZAINI**

53 years of age, Malaysian

He was appointed to the Board on 2 July 2001. He holds a Bachelor of Economics from University Kebangsaan Malaysia and obtained his Master of Arts degree in Law and Diplomacy from the Fletcher School of Law and Diplomacy, Tufts University, United States of America.

He began his career in the Government service as an Administrative and Diplomatic Officer in 1977. He served the Malaysian Government at various ministries and departments and was the Senior Private Secretary to the Minister of Home Affairs from 1981 to 1986. From 1991 to 1993, he was the Principal Assistant Director of the Perak State Economic Planning Unit. He was the General Manager of Yayasan Perak from 1993 to 1999, before he chose to take an optional retirement from the government service. He is currently the Chairman of Malaysian National News Agency (BERNAMA), Intan Utilities Berhad and AWC Facility Solutions Berhad. He is a Director of Projek Penyelenggaraan Lebuhraya Berhad, Linkedua Malaysian Berhad, Berjaya Vacation Club Berhad and Informatics Holdings Ltd, Singapore. He also holds directorships in several other private limited companies.

**DATO' SULEIMAN BIN MOHD NOOR**

74 years of age, Malaysian

He was appointed to the Board on 5 April 1988. He has 42 years experience in the State and Federal Civil Service. At Federal level, he was once posted to the Development Administration Unit of the Prime Minister's Department. His last posting prior to his retirement in 1984 was the State Secretary of Johor. He studied Development Economics at Cambridge University, England. Prior to his retirement, he took a course on Public Enterprise at Harvard University, USA.

He was the Chairman of Johor Port Authority, Ministry of Transport from 1985 to 1993 and is affiliated to many social organisations namely as Member of the Johor Sports Council, a trustee of Yayasan Iskandar and a member of the Executive Committee of the Malaysia Hockey Association.

## profiles of board of directors (continued)



**TAN SRI DATUK ABDUL RAHIM BIN HAJI DIN**

Independent/  
Non-Executive Director



**DATO' HJ MOHD YUSOFF BIN JAAFAR**

Independent/  
Non-Executive Director



**MOHD ZAIN BIN AHMAD**

Independent/  
Non-Executive Director

### **TAN SRI DATUK ABDUL RAHIM BIN HAJI DIN**

65 years of age, Malaysian

He was appointed to the Board on 19 September 1996. He graduated with a degree in Bachelor of Arts from University Malaya in 1963 and obtained his Master of Business Administration from the University of Detroit, United States of America in 1976.

Prior to joining Berjaya Group Berhad, he served as the Secretary-General in the Ministry of Home Affairs from 1992 until his retirement in September 1996. From 1987 to 1991, he was the General Manager of the Employees Provident Fund before becoming the Deputy Group Chief Officer of Permodalan Nasional Berhad, a post he held from 1991 to 1992.

He is also a Director of Hyundai-Berjaya Corporation Berhad, Prudential Assurance Malaysian Berhad and several other private limited companies.

### **DATO' HJ MOHD YUSOFF BIN JAAFAR**

57 years of age, Malaysian

He was appointed to the Board on 25 August 2003. He graduated from the University of Science Malaysia, Penang, in 1978 with a Bachelor of Social Science (Hons) degree majoring in Political Science and a minor in Ethnic Relations.

He began his 34-year career with the Royal Malaysian Police Force as a trainee Probationary Inspector in 1969. He was selected to the Special Branch Department the following year where he held various commanding positions. Between 1983 and 1990, he was Head of the Special Branch in Terengganu before being seconded to the Head Office at Bukit Aman,

Kuala Lumpur, where he served for a period of 2 years. He was then posted to the Special Branch Training Institution, Jalan Gurney, Kuala Lumpur as a Commandant before his promotion as Deputy Chief Police Officer of Pulau Pinang and Pahang. Prior to his retirement in May 2003, he was in Terengganu as the Chief Police Officer of the State and his last commanding post in the police was as the Commissioner of Police, Sarawak.

He is actively involved in various community organisations and has served as the Special Advisor to the Ministry of Social Development and Urbanisation, Sarawak.

He is also a Director of Sime UEP Properties Berhad.

### **MOHD ZAIN BIN AHMAD**

52 years of age, Malaysian

He was appointed to the Board on 25 August 2003. He holds a Bachelor of Laws degree from the University of Buckingham, England and a Certificate in Legal Practice. He also holds Diplomas in Syariah Law & Practice from International Islamic University Malaysia and Public Administration from Universiti Teknologi MARA.

He began his career with the Royal Malaysian Police Force as a police inspector in 1971. He was promoted to Assistant Superintendent of Police in 1980 and served until 1986. He was admitted as an Advocate and Solicitor of the High Court of Malaya on 25 October 1986 and thereafter practised as a legal assistant at Messrs Mutaib & Bakarudin. He is the founder and senior partner of the legal firm Messrs Zain Ahmad & Associates which was set up in 1988.

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; and
3. Any conviction for offences within the past 10 years other than traffic offences.

# chairman's statement & review of operations

On behalf of the Board of Directors of Berjaya Group Berhad (“BGroup”), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 April 2004.



*Wide selection of Cosway products*



*Berjaya Langkawi Beach & Spa Resort, Malaysia*

## FINANCIAL RESULTS

For the financial year ended 30 April 2004, the Group recorded a revenue of RM5.6 billion and a pre-tax profit of RM188.7 million as compared to RM7.2 billion revenue and RM163.5 million pre-tax loss respectively in the previous year.

The decrease in revenue was mainly due to the full year effect of deconsolidation of Berjaya Sports Toto Berhad (“BToto”) following the dilution of the Group’s equity interest in BToto to that of an associated company, disposal of Unza Holdings Berhad (“UHB”) in January 2004 and partial disposals of Hyundai-Berjaya Corporation Berhad (“HBCB”) in January 2004 and Taiga Forest Products Ltd (“Taiga”) in September 2003.

The improvement in the stock market conditions and the write back of provision for diminution in investments no longer required and the improved performance of the automotive business contributed positively to the current financial year pre-tax profit. The year’s results also included an accounting adjustment relating to losses of an associated company which was previously accounted for on consolidation.

The main contributor in terms of revenue to the Group came from the consumer marketing sector which registered a consolidated revenue of RM3.5 billion. Although revenue from this sector was lower than the RM4.2 billion recorded in the previous year, operating profit increased considerably from RM143.2 million in the previous year to RM227.1 million this year. The lower revenue was mainly due to the disposal of UHB and Taiga whilst the improved operating profit was due to the improved profits from the motor vehicle distribution business and the consumer marketing businesses.

The financial services sector recorded a 14.4% increase in revenue to RM271.4 million and operating profit of RM89.8 million in the financial year under review.

The improvement in the stock market conditions and the write back of provision for diminution in investments no longer required had contributed to the increase in revenue and operating profit of 83.2% and 314% respectively for the stockbroking business. The general insurance business also recorded a higher operating profit mainly due to the increase in underwriting profit of 235.2%, the write back of unrealised losses on quoted investments and gain on disposal of quoted investments.

Berjaya Vacation Club (“BVC”) continued to perform well with revenue growth of 26% over the previous year mainly due to the increase of sales force, keen participation at travel fairs and aggressive promotions.

Our hotels & resorts division recorded an overall increase of 6% in occupancy rate mainly due to the better performance of the Group’s overseas hotels & resorts, which contributed more than 50% of the total revenue. There was a shift by the European visitors away from the South East Asian destinations perceived to be plagued with uncertainties and terrorists’ threats. Locally, the Group has added its room inventory in Berjaya Langkawi Beach & Spa Resort and Berjaya Redang Beach & Spa Resort and its first 5-star city hotel, Berjaya Times Square Hotel & Convention Center had officially opened its doors in September 2003. Direct flight services into Redang Island offered by Berjaya Air commenced in February 2004 and this would contribute positively to our resorts’ occupancy in Redang Island.

The property sector registered a lower revenue of RM308.8 million compared to RM338.9 million in the previous financial year and a higher operating profit of RM149.5 million compared to RM107.8 million in the previous year. The slowdown in property market during the first and second



1 *Petaling Indah  
Condominiums,  
Kuala Lumpur*

2 *Eden Park Hotel,  
London*

quarters of the financial year which resulted from the effects of the SARS outbreak and the war in Iraq and the escalating costs and severe shortage of selected building materials in the construction industry had affected the performance of the Property Division.

Various developments and new projects with creative innovations, aesthetic designs and modern amenities were launched during the year to suit the current lifestyle requirements. The demand for residential properties remain strong, underpinned by favourable demographics and mortgage environment of low interest and the availability of financing.

The gaming business operated by Natural Avenue Sdn Bhd recorded a revenue of RM156.7 million as compared to a revenue of RM138.1 million in the previous year. The revenue growth of 13.5% was achieved despite having three fewer draws in the financial year under review and increase in state sales tax from 5% to 10% effective 1 January 2004. The growth was mainly attributed to the effective implementation of image building and product promotion programmes. Pre-tax profit however remained unchanged at RM14 million due to higher prize payout during the year under review as compared to the previous year.

Sports Toto Malaysia Sdn Bhd, an associated company of the Group, registered growths of 16% and 12.1% in revenue and pre-tax profit respectively, mainly attributed to the significant increase in sales of the 4-Digit game and improved consumer spending.

### Dividend

No dividend has been declared in respect of the financial year ended 30 April 2004 (2003: Nil).

### Significant Corporate Developments

1) On 14 August 2003, Berjaya Land Berhad ("BLand") announced its intention to undertake a placement of up to 200 million Berjaya Sports Toto Berhad's ("BToto") shares with the primary objective of paying down the inter-company advances owing to BToto. Subsequently, on 11 February 2004, BLand announced a revised proposal comprising an undertaking of a placement of up to 200 million BToto ordinary shares of RM1.00 each and/or up to RM200 million nominal value of BToto Irredeemable Convertible Unsecured Loan Stock ("ICULS") ("Proposed

Disposal"). At the Extraordinary General Meeting held on 15 March 2004, shareholders of BLand approved the Proposed Disposal which is pending implementation and completion. As at 30 April 2004, the outstanding inter-company balances owing to BToto was RM916.22 million.

2) On 26 August 2003, the Company announced a revision to the Proposed Restructuring Exercise which include, amongst others, the revision of the interest rate of the ICULS from 2% to 0% and the nominal value from RM1.00 to RM0.50. The rights issue of shares has also been revised to a rights issue of 0% ICULS.

On 6 February 2004, the Company announced that it received approvals from Bank Negara Malaysia and the Ministry of International Trade and Industry on the utilisation of proceeds from the Proposed Rights Issue and the Proposed BGroup Restructuring Exercise respectively. On 16 February 2004, the Company further announced that the Securities Commission's approval for the Proposed BGroup Restructuring Exercise was obtained. Also, Berjaya Corporation Sdn Bhd ("BCSB") has been identified as the Company to undertake the Proposed Restructuring Exercise.

On 31 May 2004, the Company announced, amongst others, that the High Court of Malaya has granted an order allowing the Company to convene meetings of its shareholders, ICULS holders and warrant holders respectively to consider the Proposed Members' Scheme.

3) On 11 November 2003, the trading of the Hyundai-Berjaya Corporation Berhad's ("HBCB") 13 million existing shares resumed. On the same day, the additional 100 million new ordinary shares of RM1.00 each issued pursuant to the acquisition and mandatory offer of Hyundai-Berjaya Sdn Bhd was granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The RM67.8 million Rights Issue of Shares with free warrants were successfully completed and granted listing and quotation on Bursa Securities on 13 January 2004. The listing and quotation of the entire issued and paid-up ordinary share capital and outstanding warrants of HBCB was transferred to the Main Board of Bursa Securities on 2 March 2004.

4) On 21 November 2003, Matrix International Berhad ("Matrix") announced that it has received letters of offer from the shareholders of Berjaya Times Square Sdn Bhd ("BTSSB") offering to sell their entire 100% equity interest in BTSSB for a total purchase consideration of RM993.9 million to be satisfied by the issuance of 709.93 million new ordinary shares of RM1.00 each in Matrix at an issue price of RM1.40 per ordinary share of RM1.00 each ("Matrix Shares"), thereby resulting in BTSSB becoming a wholly-owned subsidiary of Matrix ("Proposed Acquisition"). As an integral part of the offer, Matrix will settle on behalf of BTSSB the claims which arose from the liquidated ascertained damages ("LAD") due to the late delivery of vacant possession of their units in Berjaya Times Square ("BTS") amounting to RM266.66 million by the issuance of 190.47 million new ordinary shares of RM1.00 each in Matrix at an issue price of RM1.40 per ordinary share of RM1.00 each to the property purchasers of BTS ("Proposed Debt Settlement"). The aggregate consideration to be satisfied by Matrix for the proposal will amount to RM1.26 billion. On 29 March 2004, Matrix announced potential additional claims by LAD creditors totalling RM3.52 million which relates to the legally disputed cases that will increase the settlement of LAD claims up to RM270.18 million and up to 192.98 million new Matrix shares will be issued to settle LAD claims based on the issue price of RM1.40 per share.

On 7 May 2004, Matrix submitted a revised valuation report prepared by Messrs. Colliers Jordan Lee & Jaafar on the properties held by BTSSB, to the Securities Commission, revising the market value of the said properties to RM1.90 billion as at 31 October 2003 from RM2.46 billion as stated in the initial valuation report dated 31 December 2003. Arising from this, the vendors of BTSSB has proposed to revise the purchase consideration for the acquisition of the entire issued and paid-up share capital of BTSSB from RM993.9 million initially to RM784.03 million. The revised purchase consideration shall be satisfied by the issuance of 560.02 million new Matrix shares at an issue price of RM1.40 per Matrix share instead of the issuance of 709.93 million new Matrix shares at an issue price of RM1.40 per Matrix share.

The proposals were approved by the relevant authorities on 16 July 2004, subject to inter alia the following terms and conditions:

- a. Matrix/BTSSB to obtain the approvals of the LAD creditors for the Proposed Debt Settlement as well as the lenders for the proposed restructuring of BTSSB's borrowings prior to the implementation of the Proposed Acquisition;
- b. A moratorium on disposal is imposed on 280,011,133 new Matrix Shares to be received by a substantial shareholder of BTSSB, whereby he is not allowed to sell, transfer or assign the new Matrix Shares under moratorium for one year from the date of the new Matrix Shares are listed on the Bursa Malaysia. Thereafter, he is allowed to sell,

transfer or assign only up to a maximum of 1/3 per annum (on a straight-line basis) of the Matrix Shares under moratorium;

- c. All non-trade debts owing to the BTSSB group of companies by its directors, substantial shareholders and other companies controlled by the directors and substantial shareholders must be settled prior to the implementation of the Proposed Acquisition;
- d. Matrix is to increase its Bumiputera equity percentage by 2.34% of its enlarged issued and paid-up share capital, by 31 December 2005; and
- e. Matrix is to further increase its Bumiputera equity percentage by 3.66% of its enlarged issued and paid-up share capital within two years from the date of the implementation of the Proposed Acquisition and Proposed Debt Settlement.

On 27 August 2004, BTSSB informed Matrix that it has obtained the requisite approval via a court convened meeting of the LAD creditors pursuant to a scheme of arrangement under Section 176 of the Companies Act, 1965 in relation to the Proposed Debt Settlement. Matrix will now proceed to seek the other regulatory approvals.

The Proposed Acquisition will upon completion, transform the business of Matrix from currently a gaming business into a property investment business resulting in a significant change in business direction as well as the dominant shareholder of Matrix.

The principal activities of BTSSB are property investment and development. The company is the developer and registered owner of BTS which is located at Jalan Imbi, Kuala Lumpur and is situated on a freehold land. The construction of BTS completed in July 2003 was officially opened by the then Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad on 29 September 2003.

- 5) On 12 December 2003, Dunham-Bush (Malaysia) Bhd ("DBM") announced the proposed private placement of 9.04 million new ordinary shares of RM1.00 each representing about 10% of the existing issued and paid-up share capital of DBM, which was approved by the Securities Commission on 23 April 2004. The proposed private placement will raise approximately RM9.94 million (based on an issue price of RM1.10 per share) for the DBM group to meet its working capital. The proposed private placement is pending completion.
- 6) On 24 February 2004, Berjaya Capital Berhad ("BCapital") announced that the Securities Commission had approved its Proposed Capital Repayment and Consolidation schemes. The corporate exercise is pending approvals from the shareholders of BCapital and relevant authorities.
- 7) On 24 May 2004, BCapital announced the proposed acquisition by Inter-Pacific Capital Sdn Bhd ("IPCAP"), its subsidiary company, of 100% equity interest in UT Securities Sdn Bhd ("UTS"), a stockbroking company, from Rentak Wira Sdn Bhd ("RWSB") for a cash

consideration of RM60 million or at RM1.20 per share. In addition, IPCAP will assume RWSB's inter-company debt of approximately RM18.7 million owing to UTS.

- 8) On 11 June 2004, the Company announced that it will be entering into a joint-venture with KUB Malaysia Berhad to undertake a long-term sanitary landfill project at Bukit Tagar, Selangor on a 60:40 basis through a joint-venture company, KUB - Berjaya Enviro Sdn Bhd. The Company and KUB Malaysia Berhad entered into a formal shareholders' agreement on 2 July 2004. Both parties have jointly submitted a proposal to the Federal Government seeking a concession to handle solid waste disposal in the central region of Selangor, Kuala Lumpur and Putrajaya. The discussion and negotiation with the Federal Government is in the final stages.
- 9) On 16 June 2004, BCapital proposed a net special dividend-in-specie of 158.4% (220% less tax of 28%) per ordinary share of RM1.00 each in BCapital through the distribution of approximately 548.3 million BCSB ICULS. These BCSB ICULS are expected to be received pursuant to the Proposed BCapital Inter-Company Settlement between the Company and BCapital. The proposed special dividend-in-specie is subject to approvals from the shareholders and Securities Commission.
- 10) On 2 July 2004, BLand announced that its wholly-owned subsidiary company, Berjaya Leisure Capital (Cayman) Limited ("BLEisure") purchased from the open market a 25.8% equity interest in Informatics Holdings Ltd ("Informatics"), a company listed on the Main Board of Singapore Stock Exchange for a total cash consideration of about S\$30.97 million (approximately RM68.14 million).

The Informatics Group is a multinational corporation providing lifelong learning services in information technology and business management.

- 11) On 19 July 2004, it was announced that Selat Makmur Sdn Bhd ("SMSB"), a wholly-owned subsidiary company of BLand had:
  - a) Entered into a conditional sale and purchase agreement with Selangor Turf Club ("STC") for the proposed acquisition of three parcels of leasehold land measuring a total area of approximately 244.8 acres located in Sungai Besi together with all existing buildings and structures erected thereon ("Sungai Besi Land") from STC for a total consideration of RM640 million to be satisfied by:
    - i) Cash payment of RM35 million; and
    - ii) Transfer of approximately 750 acres of freehold land located in Sungai Tinggi ("Sungai Tinggi Land") together with a new racecourse and ancillary buildings to be erected thereon (including an equestrian sports centre and infrastructure amenities) and the sub-divided vacant lots (collectively referred to as the "New Turf Club") with an agreed value of RM605 million;

- b) Issued a Letter of Offer to BerjayaCity Sdn Bhd (formerly known as Eminent Capital Sdn Bhd) ("BerjayaCity"), a wholly-owned subsidiary of BGroup, to acquire the Sungai Tinggi Land from BerjayaCity and to appoint BerjayaCity as the turnkey contractor to carry out the construction of the New Turf Club on the Sungai Tinggi Land for SMSB for a total cash consideration of RM605 million.

- 12) On 2 August 2004, BLand announced a revised set of proposals ("BLand Revised Proposals") outlined as follows:

- (a) 1st Bonus Issue  
A bonus issue from the share premium account of one (1) new BLand share for every one (1) existing BLand share held;
- (b) Capital Repayment and Consolidation  
A capital repayment of RM0.80 in the form of 0% BCSB ICULS, for every one (1) BLand share held after the 1st Bonus Issue; and the consolidation of five (5) BLand shares of RM0.20 each held after the capital repayment above into one (1) BLand share of RM1.00 each;
- (c) 2nd Bonus Issue  
A bonus issue from the retained earnings of three (3) new BLand shares for every two (2) existing BLand shares held after the consolidation above; and
- (d) Special Dividend-in-Specie  
A special dividend-in-specie, in the form of 0% BCSB ICULS, the actual distribution per share to be decided by the Board of Directors, upon completion of (a), (b) and (c) above. The indicative gross distribution per share will be between RM0.36 sen to RM0.73 sen per share.

With a view to adding better shareholders' value from the above exercise, the original BLand Proposals that were announced on 11 July 2002 have been aborted.

- 13) In 1999, B-Land undertook a debt restructuring scheme whereby it issued 5% BLand ICULS to 15 financial institutions and concurrently granted put options to these financial institutions ("Put Options").

As at 30 June 2004, there are about RM797.2 million 5% B-Land ICULS under the Put Option, of which RM305.8 million have already been exercised and accepted by Immediate Capital Sdn Bhd, a wholly-owned subsidiary of BLand while RM491.4 million 5% BLand ICULS are still with the financial institutions.

Though all the Put Option obligation have been assigned to BGroup as an integral package of the proposals, BLand nevertheless is still primarily responsible to the financial institutions in relation to those Put Options, as these 5% BLand ICULS were converted from BLand's own debts due to the said financial institutions. At present, BGroup, however, is not in a financial position to assume this Put Option obligation as itself is undergoing a restructuring exercise. For the mutual benefit of both companies,

BGroup and BLand had previously suggested a proposal to offer the 5% BLand ICULS under the Put Option obligation to shareholders of BLand and BGroup. Given the current low market price of the 5% BLand ICULS, it would not be feasible to implement the offer for sale exercise and an alternative solution had been proposed by BGroup to resolve the above matter.

The new proposal will involve compensating BLand with up to approximately 579.082 million 0% BCSB ICULS as full and final compensation for the termination of the assumption by BGroup of the Put Options in respect of the total of RM797.2 million 5% BLand ICULS.

- 14) On 30 June 2004, Cosway Corporation Berhad ("CCB") proposed a capital distribution of 51.67 million ordinary shares of RM1.00 each representing 57.17% of the existing issued and paid-up share capital of DBM, to the shareholders of the company on the basis of three (3) DBM shares for every twenty (20) existing CCB shares held ("Proposed Distribution"). The objective of the Proposed Distribution is to streamline the group's operations and focus on its direct selling business. The Proposed Distribution will enable shareholders of CCB to have direct interest in Dunham-Bush shares at no additional cost whilst rewarding the company's shareholders. Upon the completion of the Proposed Distribution, the company's interest in DBM will be reduced to approximately 2.22%. The Proposed Distribution is pending the approvals of the relevant authorities and shareholders of CCB.

In its efforts to continue to rationalise its businesses, the Group had during and subsequent to the year-end, disposed several of its investments:

1. On 30 October 2003, the Company completed the disposal of its 19.53% equity interest in Sun Media Corporation Sdn Bhd ("SMCSB") to Nexnews Berhad ("Nexnews") for a sale consideration of RM7.81 million satisfied by the issuance of RM7.81 million new Irredeemable Convertible Preference Shares of RM0.10 each ("ICPS") in Nexnews at an issue price of RM1.00 per ICPS. The Company's rights to allotment of the ICPS was disposed on even date to Net Edge Online Sdn Bhd for a consideration of RM7.81 million.
2. On 15 January 2004, CCB announced that Unza Holdings Berhad ("UHB") ceased to be its subsidiary

company following the completion of the voluntary take-over offer by Unza Nusantara Sdn Bhd (formerly known as Annexe Profile Sdn Bhd) ("UNSB") to acquire UHB shares at an offer price of RM5.00 per share. A total of 51.01% equity interest in UHB, held through Noble Creation Sdn Bhd ("NCSB"), a wholly-owned subsidiary company of CCB, was disposed to UNSB for a total cash consideration of approximately RM186.37 million.

Consequently, CCB completed its investment in 25% of the ordinary shares and 100% of the Irredeemable Convertible Preference Shares in Unza Holdings Pte Ltd (formerly known as Kat Kiera Pte Ltd) ("UHPL") for a total cash subscription of RM67.8 million. UHPL is a company incorporated in the Republic of Singapore and has 100% equity interest in UNSB.

On 20 August 2004, CCB and NCSB completed the disposal to Actis-UHPL Limited and Standard Chartered Private Equity Limited the entire shareholdings in UHPL comprising ordinary shares as well as Irredeemable Convertible Preference 'A' Shares and 'B' Shares for a total consideration of RM86.02 million.

3. a) On 19 January 2004, the Company announced that Bizurai Bijak (M) Sdn Bhd, its wholly-owned subsidiary company, had placed out 15 million ordinary shares of RM1.00 each representing an 8.3% interest in HBCB for a cash consideration of approximately RM39.45 million or RM2.63 per share. Consequently, HBCB became a 37.17%-owned associated company of the Company.
- b) On 2 April 2004, the Company announced that it received an offer from Sime Darby Berhad ("Sime Darby") to acquire the following ordinary shares and warrants from the Company and certain shareholders to be procured by the Company ("Selling Shareholders"):
  - i) 51% equity interest in HBCB and 51% of the total HBCB warrants for an aggregate cash consideration of approximately RM488.7 million or for RM4.10 per HBCB share and RM3.20 per HBCB warrant.
  - ii) 51% equity interest in Hyumal Motor Sdn Bhd ("Hyumal") for RM25.00 per share or a cash consideration of approximately RM76.5 million.



Range of perfume from Cosway



Plaza Berjaya, Kuala Lumpur



A Sports Toto outlet



- iii) 51% equity interest in Inokom Corporation Sdn Bhd ("Inokom") for RM1.50 per share or a cash consideration of approximately RM76.5 million.

On 17 June 2004, the Company announced that Sime Darby had revised its offer for the HBCB shares to RM3.60 per HBCB share and HBCB warrants to RM2.60 per HBCB warrant. The consideration for the ordinary shares in Hyumal and Inokom remain unchanged.

On 18 June 2004, it was announced that the Company and Selling Shareholders had accepted the revised offer of Sime Darby. Consequently, the Company together with several subsidiary companies of the Group and the selling shareholders entered into conditional sale and purchase agreements with Space Tracks Sdn Bhd, a wholly-owned subsidiary company of Sime Darby.

4. On 22 July 2004, the Company completed the disposal of 49.9% of the enlarged share capital of Berjaya Starbucks Coffee Company (M) Sdn Bhd ("BCoffee") to Starbucks Coffee International, Inc. ("SCI") for a total cash consideration of RM16.5 million.

Based in the United States, SCI is a wholly-owned subsidiary of Starbucks Coffee Company, the leading retailer, roaster and brand of specialty coffee in the world with over 7,500 retail locations worldwide. BCoffee is currently operating 51 Starbucks stores in Malaysia.

## REVIEW OF OPERATIONS

### FINANCIAL SERVICES

#### Stockbroking

During the year under review, the stock market conditions improved markedly with the Kuala Lumpur Composite Index closing at 838.2 points on 30 April 2004, up 207.8 points from 630.4 points on 30 April 2003. The volume of transactions on Bursa Malaysia Securities Berhad ("Bursa Securities") also increased significantly as compared to the preceding financial year. The total value of shares transacted on Bursa Securities was RM282 billion for the 12 months ended 30 April 2004, a 184% increase over the RM99 billion in the preceding year.

Inter-Pacific Capital Sdn Bhd ("IPC") recorded a higher pre-tax profit of RM81.6 million for the financial year ended 30 April 2004 as compared to RM54.1 million in the previous financial year. This increase in pre-tax profit was mainly attributed to the higher contribution from its two stockbroking subsidiaries, Inter-Pacific Securities Sdn Bhd and Eng Securities Sdn Bhd and the recognition of an exceptional gain of RM12.5 million which arose from the valuation of Bursa Malaysia's shares received as a result of the demutualisation of the Kuala Lumpur Stock Exchange.

Although the stock market conditions softened considerably after the financial year-end, outlook for the rest of the year remains favourable underpinned by sturdy economic fundamentals as reflected by the improved GDP growth forecast for 2004. Private consumption patterns remain robust, buoyed by upbeat consumer confidence, higher disposable income and an environment of low interest rates. The restructuring of government-linked companies and the listing of Bursa Malaysia will continue to generate interest in the stock market. IPC remains optimistic that with its continuous efforts to increase productivity and improve efficiency, the stockbroking operations will continue to remain profitable.

#### General Insurance

For the financial year ended 30 April 2004, Berjaya General Insurance Berhad recorded a pre-tax profit of RM31.20 million as compared to RM0.5 million achieved in the previous year. The higher pre-tax profit was mainly due to the improvement in underwriting result and higher investment income arising from the improved stock market performance.

Gross premium written amounted to RM191 million, a decrease of 4.8% as compared to RM200.7 million registered in the previous year mainly due to the imposition of strict underwriting acceptance guidelines and slowing down of unprofitable lines of business. BGI however, achieved an improved underwriting profit of RM6.7 million compared to RM2 million in the previous year. The improved result was mainly due to a lower claims ratio as compared to the previous year.

For the year ahead, BGI will leverage on information technology and brand awareness and upgrade its customer services to generate higher gross premium income and further improve its operating profit.



- 1 *Inter-Pacific Securities' Viewing Gallery*
- 2 *Marketing Brochures from Berjaya General Insurance*
- 3 *At BVC, we provide personalised service to our members*
- 4 *Bukit Jalil Golf & Country Club, Kuala Lumpur*

### Hire Purchase and Leasing

For the financial year ended 30 April 2004, Prime Credit Leasing Sdn Bhd ("PCL") registered a revenue of RM27.8 million, an increase of 49% or RM9.2 million as compared to the previous year of RM18.6 million. The marked increase in revenue was mainly attributed to higher loan disbursements in the hire purchase and leasing financing business particularly to the electronics and telecommunications sectors.

The higher revenue earned had also brought about higher pre-tax profit, which grew by RM6.6 million or 244% to RM9.3 million from RM2.7 million in the previous financial year. The lower interest costs resulting from lower borrowings from financial institutions also contributed to the improved pre-tax profit.

### HOTELS AND RESORTS DEVELOPMENT

The Hotels and Resorts Division were off to a slow start during the financial year under review as it was plagued by the spillover effects of the war in Iraq and the SARS outbreak from the previous year. The unfavourable effects continued to disrupt the travel industry in the first quarter of the financial year.

Despite the adverse events, the Division registered an encouraging growth in revenue and profit margins. Total occupancy rate increased by 6% as compared to the previous financial year.

The Hotels & Resorts' overseas Division continued to show an improving trend with more than 50% contribution to the total revenue. The resorts in Seychelles, Mauritius and Sri Lanka, in particular, registered a significant rise in occupancy and average room rates. This was mainly due to a shift by the European visitors away from the South East Asian destinations perceived to be plagued with uncertainties and terrorists' threats.

On the local front, the Group maintained its marketing strategy to focus on its domestic market segment with active participation in local trade shows and the aggressive promotion of the affordable "All Inclusive" packages.

Berjaya Times Square Hotel & Convention Center was officially opened in September 2003. Located in the heart of

the Golden Triangle, this is the Group's first five-star city hotel with 900 units of fully-furnished suites. The hotel boasts three food and beverage outlets, 10 function room and a 'pillarless' ballroom with a 2,700-seating capacity.

On 3 May 2004, Prime Minister, YAB Dato' Seri Abdullah Ahmad Badawi officiated the Pulau Redang airstrip. This new airstrip has paved the way for direct flight services into the island, thus improving the accessibility to the Group's resorts on the island. Berjaya Air provides daily flights to the island from Lapangan Terbang Sultan Abdul Aziz Shah, Subang. Travelling time is cut short to a mere 75 minutes and is available all year round.

The new 130-room extension at Berjaya Redang Beach Resort which is expected to be completed in the current financial year will have a positive contribution to the Division's bottom line.

Berjaya Langkawi Beach & Spa Resort has completed 28 units of its 100-room extension plan. The newly-completed suites are catered for the high-end segment, which yield better margins. The Resort will continue to contribute encouraging returns with more suites added into the room inventory.

### Vacation Timeshare

For the year ended 30 April 2004, revenue for Berjaya Vacation Club Berhad ("BVC") increased by 26.45% to RM46.2 million from RM36 million recorded in the previous year. The setting up of a new sales division, keen participation at travel fairs and aggressive promotions contributed to the increase.

Following the good response received from members on the tie-up between BVC and other affiliated hotels since the year 2001, BVC has continued to expand its affiliated hotels' list from 36 locations last year to 50 this year, both local and overseas. The new affiliations include vacation destinations in China, Myanmar and Indonesia. In addition to Berjaya-owned hotels and resorts, BVC members have now over 70 destinations to choose from for their dream vacations. To further add value to its memberships, BVC plans to expand its affiliation to Hong Kong, Japan, New Zealand and the USA in the upcoming year.

Currently, BVC is planning to roll out a VIP membership scheme, targeting the higher income group.



Green Avenue Condominiums,  
Kuala Lumpur



A range of sewing machines from  
Singer Malaysia



Cosmetic products from Cosway

Generally, the vacation timeshare market is expected to sustain. However, it will be more competitive with new entrants into the market. BVC's three sales divisions namely Deck Sales, Face-to-Face Sales and Agency Sales are expected to extend its reach in the market and increase market share.

#### Clubs and Recreation

During the financial year ended 30 April 2004, the overall performance of the Group's Clubs and Recreation Division has been encouraging despite stiff competition from the other clubs in the vicinity. The Division recorded a gross revenue of RM57 million with a total of 1,200 new members recruited during the financial year under review.

To maintain its competitiveness, the Clubs had resorted to innovative marketing plans including competitive pricing, incentives and easy payment schemes to attract potential members.

The Clubs were constantly carrying out maintenance and upgrading works to ensure that their facilities are in tip-top condition. Some of the major enhancements included the implementation of the On-Pin GPRS Golf Systems at Staffield Country Resort, replacement of golf buggies at both Bukit Jalil Golf & Country Club and Staffield Country Resort and the construction of new horse stables at Bukit Kiara Equestrian & Country Resort.

For the financial year ended 30 April 2004, revenue for Berjaya Air Sdn Bhd surged to RM22.8 million, a 27% increase from RM18 million recorded in the previous financial year while net operating profit achieved was RM3.2 million.

During the year under review, there was a 20% increase in overall number of passengers. The company commenced direct flights to Padang, Indonesia in May 2003 and Pulau Redang in February 2004. The direct flights to Pulau Redang received tremendous response due to the shorter travel time and the company had achieved an average of 80% passenger loading. Berjaya Air also operates flights to other destinations including Pulau Pangkor, Pulau Tioman, Koh Samui (Thailand), Melaka and Singapore (Seletar).

The Company is looking forward to increasing frequencies of flights and to seek new routes to further improve its competitiveness.

#### PROPERTY INVESTMENT

The occupancy rates for the Group's investment properties were as follows:

Property	Financial Year Ended	
	2004	2003
KL Plaza, Kuala Lumpur	92%	92%
Plaza Berjaya, Kuala Lumpur	71%	82%
Kota Raya, Kuala Lumpur	83.9%	94%
Wisma Cosway, Kuala Lumpur	79%	79%
Berjaya Megamall, Kuantan	92.2%	95.5%

For the financial year ended 30 April 2004, the Group's complexes managed to maintain their overall performances. Despite certain complexes registering drops in occupancy rates, revenue for all the complexes increased mainly due to aggressive promotions and higher rental rates charged upon renewal and new tenancies secured. Kota Raya Complex registered the highest jump in revenue while KL Plaza, Plaza Berjaya, Wisma Cosway and Berjaya Megamall managed to improve slightly on both revenue and pre-tax profit.

The Group remain confident of its complexes' performance due to their strategic locations which will continue to offer growth opportunities to retailers targeting tourists and local shoppers. KL Plaza, Plaza Berjaya, Kota Raya Complex and Wisma Cosway are all located at high traffic areas in the heart of Kuala Lumpur whilst Berjaya Megamall is looking forward to maintaining its position as the biggest one-stop complex in the East Coast region. In the forthcoming financial year, the complexes will undergo various refurbishment activities and facilities upgrading to increase their competitiveness.

#### PROPERTY DEVELOPMENT

Spurred by the Economic Stimulus Package and against the backdrop of reviving demand for residential properties and improved investor sentiments, the Property Division had intensified its efforts to plan and launch various developments for the financial year ended 30 April 2004. The Division also embarked on a quest to enhance new projects with creative innovations, aesthetic designs and modern amenities to suit the current lifestyle requirements.

Leveraging on the strong demand for affordable residential units in the country's most vibrant market, the Klang Valley,

the Property Division had focused on the development of residential projects on Berjaya Land's major land banks within Wilayah Persekutuan and Selangor.

During the financial year under review, a total of 2,174 units of property units were launched and/or were under various stages of construction. Among the projects launched within the Klang Valley were Taman Kinrara Section 4, Taman Cemerlang, Green Avenue Condominiums, Seputeh Heights, Cemerlang Heights, Subang Heights and Berjaya Park. Projects launched outside the Klang Valley were Taman UPC, Kim's Park and Bandar Banang Jaya in Johor. During the year under review, the Property Division generated a total sales value of RM208 million.

The Kuala Lumpur city skyline will see a change with the impending launch of *Berjaya Central Park*, a city-centre development comprising of 50-storey high exclusive serviced suites. Located at the busy intersection of Jalan Ampang and Jalan Sultan Ismail, the project is scheduled to be launched in the second half of financial year 2005 and sales are expected to generate a revenue of approximately RM1 billion.

By the end of 2004, the Property Division will showcase *Maya Suria Estate*, which presents an opportunity for one to own a bungalow lot set within lush greenery and located only within 45 minutes' drive from Kuala Lumpur for a mere RM50,000 per lot. Backed by an innovative marketing plan, this development is expected to impact the market and take property sales into a different dimension. The development spread over 3,000 acres within the new township of *Berjaya City* will be launched in several phases. Total sales value of the entire development featuring 9,000 lots is approximately RM500 million.

The demand for residential properties is expected to remain strong, underpinned by favourable demographics and mortgage environment of low interest and the availability of financing. The demand is also driven by rising urbanisation as greater economic opportunities available in urban centers continue to attract migration to urban areas. Klang Valley shall continue to dominate as the most vibrant market with further improvement in accessibility via a series of new highways that will spur development and success of new growth areas.

The Property Division will strive to pursue its strategy to innovate and offer a comprehensive range of property products from mass affordable housing to high-end niche for house buyers with emphasis on value-added features.

## CONSUMER MARKETING, DIRECT SELLING, RETAILING AND OTHER SERVICES

### Cosway (M) Sdn Bhd

For the financial year under review, the group registered an operating pre-tax profit and before extraordinary items of RM33.8 million compared to RM38.2 million in the preceding year, representing a decrease of 12% over 2003. eCosway.com Sdn Bhd ("eCosway"), the group's global web-based network marketing subsidiary, successfully turned around and achieved an operating profit of RM 3.1 million for the year under review.

eCosway, with its unique synergy of e-commerce and offline business models, performed well in the year mainly due to its revolutionary marketing plan and successful implementation of the co-branded credit card with Alliance Bank. To offer a better variety of quality products and services offline, eCosway introduced a variety of affiliate programmes - the eCosway Rewards Card; Whoops prepaid IDD/STD and Internet access reloads; DiGi postpaid call plans; vehicle, health and personal accident protection; and housing loan referral programmes - and more are underway. eCosway's performance is also attributed to its aggressive promotion of high-quality and attractively priced products offered at Cosway Sales Centres in Malaysia, Singapore and Brunei. A wide variety of shopping and dining vouchers are also available to both online and offline shoppers.

Cosway Malaysia is forging ahead with its insightful plan of opening more sales and redemption centres to provide more convenience, greater product accessibility and better customer service to its members. In accordance with the growing popularity of shopping malls as the preferred destination for shopping and leisure activities among Malaysians, the company has also ventured into opening sales centres in major shopping malls.

With the improving economic outlook, we are optimistic about Cosway's business prospects for the year 2004 / 2005. Cosway Malaysia is well positioned as a provider of high quality products at attractive prices through a Unique Network Marketing System. Continuous efforts to increase the membership base through exciting incentives and promotions such as the introduction of Starter Offer Sets ("SOS") will increase our revenue in the new financial year. The objective of promotions such as the SOSs is to encourage members to try out quality products at discounted prices and when they have experienced the benefits of the products, they can introduce them to friends.



Taiga Forest Products Ltd., Canada



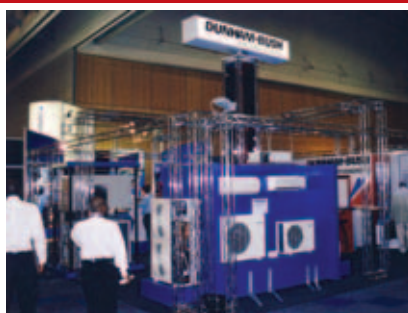
A Starbucks Coffee outlet in Kuala Lumpur



A Kenny Rogers Roasters restaurant in Kuala Lumpur



*7-Eleven delivers fast and friendly services, 24 hours a day, every day*



*Dunham-Bush's participation in HVAC Exhibition in Capetown, South Africa*



*Sports Toto draw in progress*

The launch of the co-branded credit cards (VISA and MasterCard) with Alliance Bank in June 2004 has enabled members to chalk up sales volume ("SV") with their everyday spending - whenever they pay their electricity / phone bills, buy petrol or groceries, or dine out at any outlet that accepts the VISA or MasterCard. This significantly broadens Cosway's product range and members are literally able to chalk up SV for almost anything that can be purchased with a credit card. With the implementation of these focused strategies, Cosway is confident of achieving a better performance in the current year 2004 / 2005.

### **Singer (Malaysia) Sdn Bhd**

The integrated marketing programmes implemented in the last financial year paid off and the company recorded increased sales despite having to operate in a very competitive environment with rampant price wars especially amongst the hypermarkets.

All our key products performed satisfactorily especially motorcycle sales which surpassed 6% of our total product sales within the first year of introduction. During the year, we expanded our product range and launched the point of entry ("POE") water filtration system and the rear projection television, both of which received encouraging responses from the market.

Beyond building on our unique selling points that gave us a competitive edge over our competitors, we embarked on several brand awareness campaigns that reinvigorated the SINGER brand. The Singer branding revitalization campaign which was initiated during the year under review was primarily aimed at changing the perception of Singer being an old fashioned brand to one that has a new and modern appeal. In line with that strategy, Singer Malaysia Sdn Bhd ("Singer Malaysia") has also upgraded several of its outlets with new designs and layouts that is more representative of the new image and identity of Singer. Our initiative also coincided with Singer principal's plan to revamp the brand by projecting Singer as a global brand with the new tagline "At Home Worldwide". As an extension of this campaign, we launched the "Dream For Your Home" advertising blitz in Malaysia through television, radio and print media.

With customer service as our priority, Singer Malaysia implemented new payment facilities as a value-added feature for the convenience of our customers. In addition to payments

through bank, credit card auto debit system, and over-the-counter facilities, our customers can now choose to pay their monthly instalments in the comfort of their homes via the internet and phone banking. In order to provide a comprehensive customer service package to serve our customers better, a customer service department was set up dedicated to communicate with our customers through the internet and telephone hotlines.

While we continue to expand our customer base through aggressive promotions such as "Purchase with Purchase" offers, loyalty programmes, free gifts and zero-interest instalment plans, Singer Malaysia has also formed smart alliances with other electrical and furniture dealers throughout the country where we provide instalment facilities to their customers. The response to this Joint-Venture Dealer Scheme was extremely encouraging and we expect this new programme to contribute positively to the overall business of the company in the future.

With the numerous marketing initiatives that we have undertaken and many more being planned, we are ready to take on new market challenges and changes, and are confident that the coming financial year will be another exciting and profitable year for the company.

### **Berjaya HVN Sdn Bhd**

For the year under review, the group recorded a higher revenue of RM30.2 million compared to RM24.5 million in the previous year, an increase of 23.3%. In tandem with the higher revenue achieved, the group also registered a higher group profit.

In Malaysia, the distribution business had performed better than the previous year. Berjaya HVN through its aggressive marketing activities involving the opening of additional sales channel and release of popular titles contributed towards the higher revenue.

The retail business also achieved an improved revenue compared to the previous year as a result of effective management strategies and improved selection of outlet locations.

Barring unforeseen circumstances and with the continuous efforts of the Malaysian Government to curb video piracy, we believe that the group will be able to maintain its performance in the coming year.

**Convenience Shopping Sdn Bhd** is the pioneer and the largest 24-hour convenience chain store in Malaysia operating more than 400 stores and serving more than 300,000 customers daily. Each store carries about 2,500 types of products ranging from fresh food and household items to mobile phones' reload cards.

For the financial year under review, the company achieved a revenue of RM364 million, an increase of 27.8% over the previous revenue of RM285 million mainly attributed to the opening of 108 new stores during the financial year and the increase in store sales growth. In tandem with the increase in revenue, pre-tax profit increased by approximately 16.9% to RM8.3 million as compared to RM7.1 million in the previous year.

For the financial year under review, **Hyundai-Berjaya Sdn Bhd** ("HBSB") recorded a revenue of RM946 million, an increase of RM542 million from the previous year. Pre-tax profit also jumped 384% for the year under review, mainly due to better market acceptance of Hyundai vehicles and a good mix of product assortment.

Despite facing stiff competition in the market, approximately 18,000 vehicles were sold with the locally-assembled Inokom ATOS being the main contributor, garnering 60% of the total units sold whilst Completely-Build-Up ("CBU") models - Hyundai Matrix and Getz proved their competitiveness with a contribution of 23% and 13% of total units sold respectively.

The company aims to improve its market accessibility with the establishment of more showrooms in the country and plans to launch more models in the coming year.

**Taiga Forest Products Ltd.**, ("Taiga") is the largest independent wholesaler of lumber, panel boards and specialty building products in Canada.

For the financial year ended 31 March 2004, Taiga achieved a revenue of C\$1.08 billion and pre-tax earnings of C\$15.3 million as compared to C\$912.7 million in revenue and C\$11.3 million in pre-tax earnings achieved in the previous year, mainly attributable to strong panel board prices.

A continued strong housing and renovation market fuelled by low interest rates across North America created heavy demand for building products throughout the year. The significant price increase on commodity markets had also resulted in Taiga realising significant growth in revenue in many of its product lines.

Taiga will consider changes to its existing business models and work on new strategies and plans to realise sustained higher margins over the long-term.

## FOOD & BEVERAGES

**Berjaya Coffee Company (M) Sdn Bhd** currently operating 51 Starbucks stores in Malaysia, has established itself as the leading specialty coffee company in Malaysia.

For the financial year ended 30 April 2004, the company opened 17 new stores in various towns, buildings and

shopping complexes in the Klang Valley, Penang, Johor and Pahang. Over the years, the company has, through its aggressive research & development program, introduced a variety of beverages and food products to meet the needs of its growing customer base. The company is also developing strategic plans to further enhance its home brewing programs to enable customers to enjoy Starbucks Coffee in the comfort of their homes. In line with its expansion plan, the company targets to open Starbucks Coffee stores in all major towns in Malaysia.

**Berjaya Roasters (M) Sdn Bhd** is the franchisee for Kenny Rogers Roasters ("KRR") in Malaysia, currently operating 30 restaurants nationwide. For the financial year ended 30 April 2004, the company recorded an increase of 9% in revenue as compared to previous year. The company also recorded a net profit during the year under review as compared to a loss in the previous year.

During the year, KRR promoted a variety of new seasonal food products namely Kenny's Home Baked Fillet, Kenny's Sze Chuan Spicy Meal, Kenny Beef Ribs, Spicy Curry & Satay Chicken and Sweet & Spicy Fillet. To create market excitement and to boost sales, KRR launched various promotional campaigns and brand building exercises during the year which received good response from the patrons and the general public.

To promote better service to the customers, table service was fully implemented during the year to replace the conventional counter service. In line with the management's new vision and mission statement, "guiding principles and values", the management introduced new training techniques and concepts to improve customer service, sales incentive program for restaurant level staff and cost saving initiatives to achieve a top quality and effective management in KRR. Going forward, KRR will continue to build a strong brand name in Malaysia and position itself as a healthier alternative to fried chicken whilst delivering the best service to all its customers.

**Roasters Asia Pacific group ("RAP")** achieved an improved group pre-tax profit in tandem with the increased revenue from the previous year. The improvements were due to the increase in the number of stores and RAP's expansion program in China and Australia. During the year, the company increased its number of stores from 87 to 91.

RAP has taken initiatives to improve its relationship with the existing franchisees by organising routine visits, sharing of information on new products and marketing strategies as the management believes that working closely with its franchisees would help them implement the brand enhancement programme more effectively.

RAP is the master franchisee for KRR in the Asia Pacific region including Malaysia, China, the Philippines, Singapore, Hong Kong and Australia. During the year, the company penetrated into Australia and is targeting to open its first franchise store in Victoria by year-end. The company also appointed its current Shanghai franchisee as the Country Master Franchisee for China who will assume the KRR master role in franchise administration, reporting structure and franchise

sales in China. With 9 stores operating in China currently, the company plans to open another 6 new stores by year-end. Future markets include New South Wales-Australia, Eastern Europe and Dubai-Middle East.

For the financial year under review, **RoadhouseGrill, Inc.**, had focused its efforts on improving its customer service where improvements have been noticeable particularly in the company's "mystery shoppers" programme. The significant increase in the countrywide mystery shopper average scores had translated into tangible improvements in overall guest experiences. The company also continued to invest in training and conducted seminars for its management and store level staff to upgrade their skills and improve the efficiency of the restaurant operations.

During the year, additional restaurants were opened in Italy, Malaysia and Brazil making a total of 7 restaurants currently operating outside the United States while two more restaurants are under construction.

Moving forward, we will continue to be vigilant in controlling all our expenses while staying on track and meeting our planned commitments. We believe that Roadhouse Grill is a viable restaurant concept worldwide with our resources focused on our people, our restaurants and our offerings. For the financial year 2005, Roadhouse Grill has started with an action plan that has established goals, which are both profitable and attainable.

### INDUSTRY

#### Dunham-Bush (Malaysia) Bhd

Dunham-Bush (Malaysia) Bhd ("Dunham-Bush") recorded a marginally lower revenue of RM358.7 million for the financial year under review compared to RM362.9 million in the previous year while pre-tax profit surged to RM22.18 million compared to a pre-tax loss of RM32.05 million in the preceding financial year. The significant turnaround in profitability was mainly due to the higher profit contributions from the Asian operations, lower operating losses incurred by the restructured North American operations and the write back of certain provisions that were no longer required.

Despite the adverse effects of SARS, the group's China operations continued to perform well, substantially expanding its sales volume and turning in higher profit for the year under review.

The operations of the group's newly set-up 55%-owned subsidiary in China, Hartford Compressors Yantai Co. Ltd, for the manufacture of Dunham-Bush's patented vertical Rotary Screw Compressors, has been progressing satisfactorily and successfully commenced local production of compressors. This will enhance the price competitiveness and profitability of its chiller products in China.

During the year under review, the group's Malaysian operations continued to aggressively pursue export sales to partially offset its lower domestic sales in Malaysia. The lower domestic sales in Malaysia was attributed to the continuing lack of activities in both the commercial and industrial building sectors. The ability of the Malaysian

operations to produce chillers and other HVAC products; certified to meet and comply with stringent international technical and safety standards has enabled it to export its HVAC products into the USA, Europe and many other countries in the world.

During the year under review, the Malaysian operations had achieved a 13.8% increase in export sales compared to 8% increase in the previous financial year.

Dunham-Bush will also continue to focus on Research and Developments, not only to improve the efficiencies and reliabilities of its existing product lines but also to introduce new innovative products for the demanding global market.

### GAMING & LOTTERY MANAGEMENT

#### Matrix International Berhad ("Matrix")

For the financial year ended 30 April 2004, the Matrix group recorded a lower revenue of RM156.7 million and a pre-tax profit of RM15.5 million as compared to RM179.4 million and RM17.9 million respectively in the previous year.

The lower revenue was mainly due to the effect of the deconsolidation of Sabah Flour and Feed Mills Sdn Bhd ("SFFM") as a subsidiary company since September 2002 after the disposal of the entire equity interest in SFFM by the group. Furthermore, the group reported an exceptional gain of RM2.5 million on the disposal of SFFM in the previous financial year ended 30 April 2003.

The proposed acquisition of Berjaya Times Square Sdn Bhd ("BTS") by the Matrix group, upon completion, will transform the business of Matrix from currently gaming into property investment. The injection of BTS into the Matrix group, anticipated to be completed in the third quarter of the current financial year, will dilute the Group's interest in Matrix from a subsidiary to a simple investment. As a result, the Group would not be able to consolidate the results of Matrix upon completion of the exercise.

#### Berjaya Sports Toto Berhad ("BToto")

BToto, an associated company, registered growths of 12.2% and 11% in revenue and pre-tax profit to RM2.48 billion and RM437.99 million respectively mainly attributed to its principal subsidiary, Sports Toto Malaysia Sdn Bhd achieving a significant increase in the sales of the 4-Digit game and improved consumer spending.

In Malaysia, during the year, the company completed its new on-line system where all sales terminals throughout the country are now running on a single on-line lottery system. Meanwhile, in the Philippines, a new two number game called EZ2 was launched on 4 July 2004. Plans are underway to introduce more new games and more draws for the existing games. More than 1,500 terminals have been installed in over 1,000 outlets in Luzon Island.

### Strategy For the Future and Prospects

Over the past 20 years, the Group has evolved and transformed into a group of companies with diverse businesses focused in consumer marketing, property

investment & development, vacation timeshare, hotels & resorts and recreation development, financial services and gaming and lottery management.

The Group's major revenue contributors, consumer marketing and direct selling businesses have a strong market presence in the personal care, household and healthcare segment. Cosway Malaysia and eCosway.com are market leaders in the direct selling sector with a large following of members and a wide distribution network. Both companies have aggressive programmes to expand its product range and members' recruitment. eCosway.com has the ability to further expand its market reach beyond Malaysia and is targeting to introduce the on-line shopping experience to the other countries in the region.

In the years ahead, the Group's attention and focus would be in the property development segment. The Property Division has been aggressive in launching various projects and in the second half of the current financial year, another city-centre development project with gross development value of approximately RM1 billion, *Berjaya Central Park* comprising of 50-storey high exclusive serviced suites will be launched. Located at the busy intersection of Jalan Ampang and Jalan Sultan Ismail, this project capitalises on the current emerging trend where more professionals choose to live where work, shopping, recreation, entertainment and exciting nightlife are within walking distance. The concept of "SOHO" (small office/home office style service suites) is set to complement the contemporary lifestyles of urban professionals and will be one of the most celebrated landmarks in Kuala Lumpur.

In March 2004, the Group was appointed to relocate and build the new Selangor Turf Club's premise in Sungai Tinggi, Ulu Sungai District, Selangor through a subsidiary, Selat Makmur Sdn Bhd which offers spin-off benefits and development potential for the area particularly in the northern part of Selangor. Set to launch in the current financial year, *Maya Suria Estate*, within the new township of BerjayaCity in Sungai Tinggi, Selangor, presents an opportunity for one to own a bungalow lot set within lush greenery and located within 45 minutes' drive from Kuala Lumpur for a mere RM50,000 per lot. With an estimated gross revenue of RM500 million, this development is spread over 3,000 acres and is expected to impact the market with its innovative marketing plan and will take property sales into a different dimension.

The Group will continue to build the timeshare vacation business in Malaysia through Berjaya Vacation Club ("BVC") which has over 20,000 members currently. A major player in the vacation timeshare business, BVC offers holiday accommodations which cater to the increasing demand for quality leisure time. Backed not only by our own chain of hotels that are strategically located locally and abroad, BVC has also expanded its affiliated holiday locations to new locations in China, Myanmar, Indonesia, Japan, Hong Kong and Nepal. The company plans to expand further its affiliation to other countries, which will create value for its memberships. Its affiliation with Resorts Condominium International, enables members to have access to over 3,800 resorts worldwide in over 100 countries.

Our 4-star and 5-star hotels and resorts are located in highly celebrated tourist spots and islands in Malaysia - Langkawi Island, Tioman Island, Redang Island and Pulau Pinang and overseas - United Kingdom, Seychelles, Mauritius, Sri Lanka and Singapore. More rooms will be added to the existing room inventory in some of our resorts to target the upper market segment, which yield better margins. The new airstrip in Redang Island has paved the way for direct flight services to and from the island thus improving the accessibility to our resorts on the island. The new airstrip will also open up new opportunities for tourism on the island that would benefit the local community. Our first 5-star city hotel, Berjaya Times Square Hotel & Convention Center, Kuala Lumpur, which opened in September 2003 has 900 units of fully-furnished suites. Our 19 hotels and resorts in Malaysia and overseas are currently offering more than 4,300 units of total room stock.

The gaming sector, driven by consumer spending is expected to improve in view of the recovery of the country's economy. Sports Toto Malaysia, which has the largest network and most number of games in the country will continue to perform well and is confident of maintaining a stronghold in the industry.

Our food and beverage franchise businesses namely Starbucks Coffee, Kenny Rogers Roasters and Roadhouse Grill will continue to build strong brand names in the country as well as in the region with their aggressive expansion programmes.

With the partial disposal of Taiga, the divestment of Unza Holdings Berhad and the proposed disposal of Hyundai-Berjaya Corporation Berhad, the Directors expect that the Group's revenue for the current financial year ending 30 April 2005 will be reduced.

The proposed Group restructuring exercise, which has been approved by the Securities Commission is expected to be completed in the current financial year 2005. With the completion of the restructuring exercise, the Group will be able to strengthen its financial position and businesses which will put it on a firmer footing to profitability with brighter prospects in the coming years.

### Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank the management and staff, our customers and suppliers for their dedication, commitment and support to the Group. I would also like to express my deepest appreciation and gratitude to our shareholders, regulatory authorities, business partners and financiers for their undivided support, understanding and patience throughout the years and I look forward to your continued support in the future.

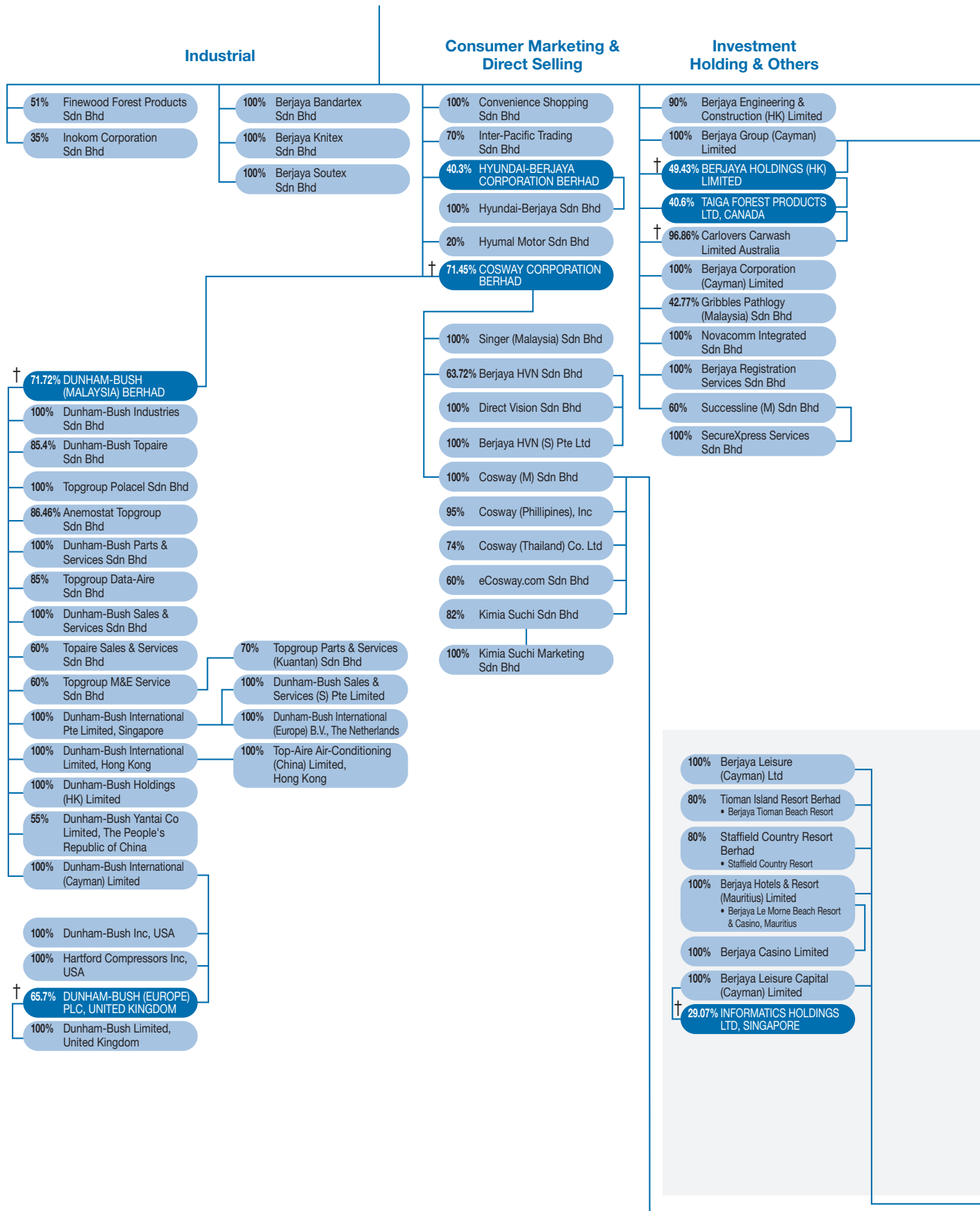
### TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN

Chairman/Chief Executive Officer  
10 September 2004

# corporate structure

of main operating companies as at 30 August 2004

## BERJAYA GROUP BERHAD

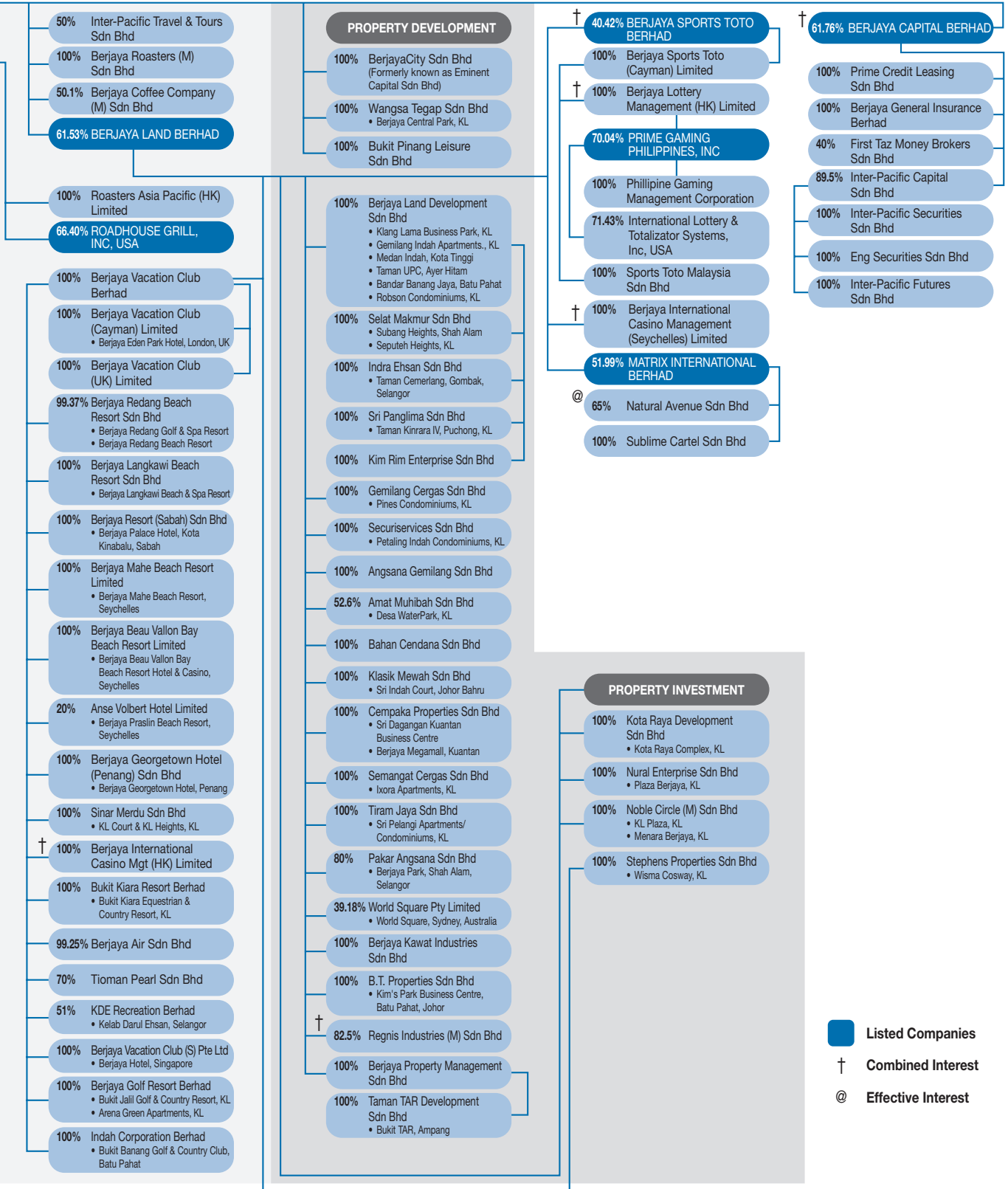


### Vacation Time-share, Hotels, Resorts & Recreation

### Property Investment & Development

### Gaming & Lottery Management

### Financial Services



- Listed Companies
- †** Combined Interest
- @** Effective Interest

# group financial summary

Description	2004 US\$'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Revenue	1,470,231	5,586,876	7,196,582	8,241,507	7,723,803
Profit/(Loss) Before Taxation	49,669	188,743	(163,456)	(360,070)	(321,533)
Profit/(Loss) After Taxation	(3,296)	(12,524)	(332,138)	(560,285)	(488,477)
Profit/(Loss) After Taxation and Minority Interests	(44,561)	(169,331)	(461,668)	(652,846)	(593,250)
Extraordinary Items	-	-	-	-	-
Profit/(Loss) Attributable To Shareholders	(44,561)	(169,331)	(461,668)	(652,846)	(593,250)
Share Capital	394,256	1,498,171	1,498,171	1,498,171	1,498,171
Equity Component of ICULS Reserves	111,078 (424,339)	422,097 (1,612,490)	422,097 (1,404,801)	- (638,698)	- (16,696)
Equity Funds	80,995	307,778	515,467	859,473	1,481,475
Minority Interests	616,492	2,342,671	2,304,446	2,465,706	2,296,217
Capital Funds	697,487	2,650,449	2,819,913	3,325,179	3,777,692
ICULS	154,472	586,995	640,298	1,326,913	1,376,254
Insurance Reserves	17,564	66,743	72,240	51,118	39,584
Long Term Liabilities	1,016,611	3,863,122	4,161,042	2,781,429	2,758,862
Current Liabilities	680,727	2,586,763	3,278,355	3,957,368	4,004,195
	2,566,861	9,754,072	10,971,848	11,442,007	11,956,587
Property, Plant & Equipment	571,858	2,173,058	2,538,764	2,760,040	2,840,928
Intangible Assets	302,381	1,149,048	1,359,676	2,442,240	2,416,825
Investments & Long Term Receivables	989,818	3,761,309	3,459,396	2,247,720	2,662,972
Current Assets	702,804	2,670,657	3,614,012	3,992,007	4,035,862
Total Assets	2,566,861	9,754,072	10,971,848	11,442,007	11,956,587
Net (Liabilities) / Assets Per Share (US\$ / RM)	(0.02)	(0.08)	0.06	0.57	0.99
Net Earnings / (Loss) Per Share (Cents / Sen)	(3.0)	(11.3)	(30.8)	(43.6)	(39.6)
Net Earnings / (Loss) Including Extraordinary Items Per Share (Cents/Sen)	(3.0)	(11.3)	(30.8)	(43.6)	(39.6)
Dividend Rate (%)	-	-	-	-	-
Net Dividend Amount (RM'000)	-	-	-	-	-

2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000	1996 RM'000	1995 RM'000	1994 RM'000
7,799,217	7,015,774	7,449,109	6,351,690	5,117,809	3,475,385	2,438,072
(96,033)	304,759	342,384	699,020	283,574	281,864	325,361
(378,137)	277,780	23,354	498,037	146,796	177,845	205,487
(570,839)	(109,851)	4,738	223,638	(7,242)	36,005	87,788
-	-	-	-	77,193	87,616	156,505
(570,839)	(109,851)	4,738	223,638	69,951	123,621	244,293
1,497,514	1,276,929	1,215,762	877,214	847,904	513,858	499,882
-	-	-	-	-	-	-
614,897	1,385,424	1,424,412	1,009,911	826,061	555,985	484,323
2,112,411	2,662,353	2,640,174	1,887,125	1,673,965	1,069,843	984,205
2,250,118	1,596,381	1,050,388	827,150	1,298,636	1,031,692	664,090
4,362,529	4,258,734	3,690,562	2,714,275	2,972,601	2,101,535	1,648,295
1,404,207	18,292	140,699	807,984	49,709	-	10,848
30,062	41,770	955,969	822,121	653,075	537,462	440,809
2,806,245	3,953,364	3,827,552	2,747,033	1,736,771	1,007,104	939,854
4,135,252	4,248,261	5,219,784	5,374,092	4,410,481	3,024,020	2,541,384
12,738,295	12,520,421	13,834,566	12,465,505	9,822,637	6,670,121	5,581,190
2,776,229	2,701,328	2,468,317	1,888,518	1,744,561	1,384,115	1,026,544
2,467,114	2,630,061	2,812,364	2,535,334	1,016,178	602,328	478,968
2,682,382	2,942,461	2,538,659	2,337,279	2,337,054	1,782,702	1,388,703
4,812,570	4,246,571	6,015,226	5,704,374	4,724,844	2,900,976	2,686,975
12,738,295	12,520,421	13,834,566	12,465,505	9,822,637	6,670,121	5,581,190
1.41	2.08	2.17	2.15	1.97	2.08	1.97
(43.2)	(8.8)	0.5	26.3	(1.0)	7.1	18.8
(43.2)	(8.8)	0.5	26.3	9.2	24.5	52.5
1.0	3.0†	3.0	12.0	10.0	12.0	12.0
10,787	38,308	21,466	75,808	59,354	43,460	41,404

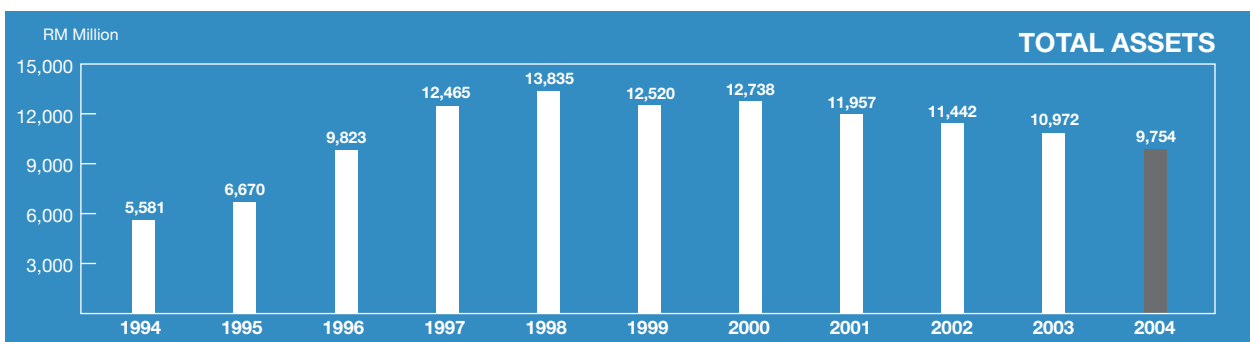
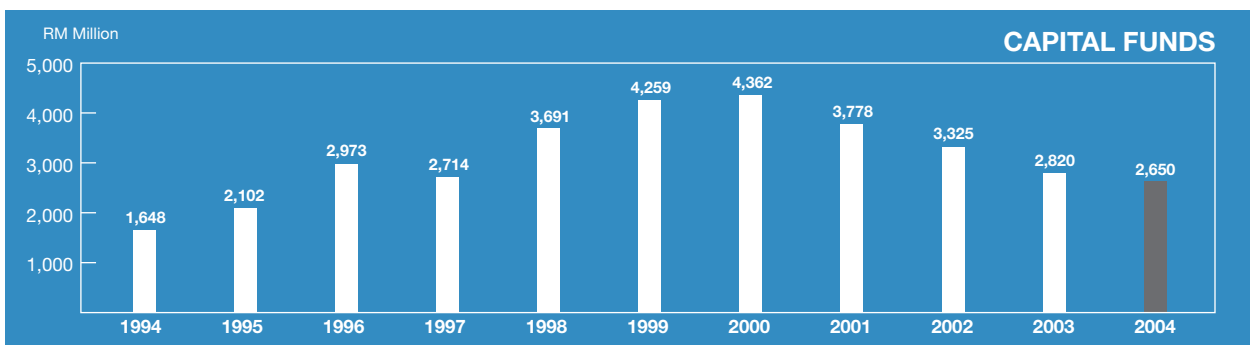
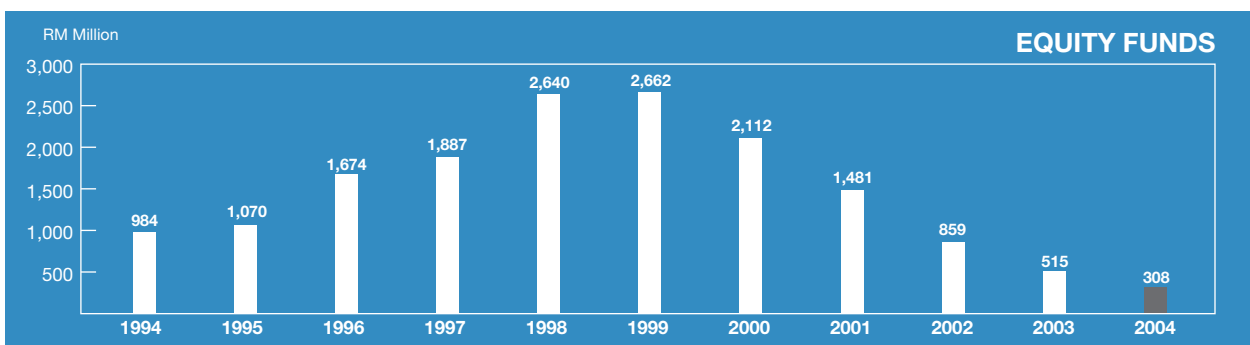
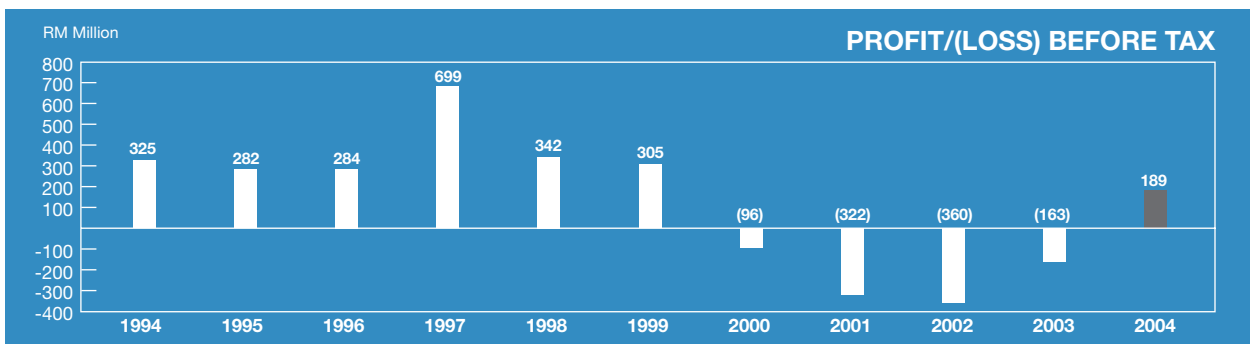
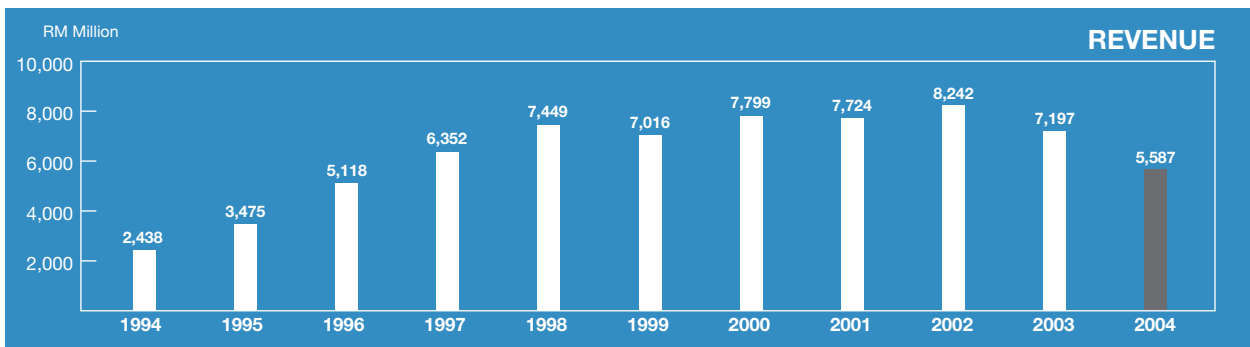
**Note:**

Figures for 1994 - 2004 are for the 12 months ended 30 April. Where additional shares are issued, the earnings/(loss) per share are calculated on a weighted average number of shares.

Exchange rate: US\$1.00=RM3.80

† Tax exempt dividend

# group financial highlights



# audit committee report

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

## MEMBERS AND MEETINGS ATTENDANCES

The Audit Committee comprises the following members:-

**Dato' Suleiman Bin Mohd Noor**

Chairman/Independent Non-Executive Director

**Datuk Robert Yong Kuen Loke**

Non-Independent Executive Director

**Tan Sri Datuk Abdul Rahim Bin Haji Din**

Independent Non-Executive Director

**Dato' Hj Mohd Yusoff Bin Jaafar** (appointed on 30.6.2004)

Independent Non-Executive Director

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

Name	Attendance
Dato' Suleiman Bin Mohd Noor	5/5
Tan Sri Datuk Abdul Rahim Bin Haji Din	5/5
Datuk Robert Yong Kuen Loke	5/5

The General Manager - Group Internal Audit and the Senior General Manager of the Group Accounts and Budget were also invited to attend the audit committee meetings. The external auditors were also invited to attend two (2) of these meetings.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed the external auditors' scope of work and audit plan for the year;
3. Reviewed and discussed the external auditors' audit report and areas of concern in the management letter thereof;
4. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries and associated companies through the review of internal audit reports tabled and management responses thereto and ensuring significant findings are adequately addressed by management;
5. Reviewed the circular to shareholders in connection with recurrent related party transactions.

6. Reported to the Board on its activities and significant findings and results.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group has an established Internal Audit Department whose primary function is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to provide the Committee with independent and objective reports on the adequacy of internal controls and procedures in the operating business entities within the Group and the extent of compliance by such entities with the Group's existing policies and procedures, and compliance to applicable laws, regulations, directives and other externally enforced compliance requirements.

For the financial year ended 30 April 2004, the Internal Audit department issued nine (9) Audit Reports while six (6) audit assignments were in progress as at the financial year-end. The audit were conducted of various local operating units in the Group involved in media and advertising services, provision of pathological services, lifestyle restaurants, plantation, textile manufacturing operations, fast food operations and franchising business.

Internal Audit reports, incorporating audit recommendations and management responses with regards to audit findings relating to the weaknesses in the systems and controls of the respective operations audited, were issued to the Audit Committee and the management of the respective operations. The Internal Audit department also followed up with management on the implementation of the agreed audit recommendations.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 1. Membership

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

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

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

### 2. Chairman

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

### 3. Secretary

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

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

### 4. Frequency of Meetings

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

### 5. Authority

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

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

### 6. Duties

The duties of the Committee shall be:-

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

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

# statement on corporate governance

The Malaysian Code on Corporate Governance ("Code"), introduced in March 2000, sets out the principles and best practices that companies may apply in the direction and management of their business and affairs towards achieving the ultimate objectives of maximising shareholder value.

The principles and best practices of the Code were incorporated into the revamped Listing Requirements of Bursa Malaysia Securities Berhad in January 2001 and listed companies are required to disclose the extent of compliance with the Code or in areas where there are deviations, the alternative measures undertaken.

The statement below sets out how the Group has applied the key principles and the extent of its compliance with the best practices throughout the financial year ended 30 April 2004.

## (A) DIRECTORS

### (i) The Board

The Board has overall responsibility for the strategic direction and control of the Group.

The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. For the financial year ended 30 April 2004, the Board met five (5) times. The record of attendance for the Directors who held office during the said financial year is set out below:-

Directors	Attendance
Tan Sri Dato' Seri Vincent Tan Chee Yioun	5/5
Tan Sri Dato' Danny Tan Chee Sing	4/5
Datuk Robert Yong Kuen Loke	5/5
Chan Kien Sing	3/5
Freddie Pang Hock Cheng	5/5
Rayvin Tan Yeong Sheik	5/5
Vivienne Cheng Chi Fan	5/5
Dato' Mohd Annuar bin Zaini@	3/5
Tan Sri Datuk Abdul Rahim bin Haji Din#	4/5
Dato' Suleiman bin Mohd Noor#	5/5
Dato' Mohd Yusoff Bin Jaafar#	4/4 *
Mohd Zain Bin Ahmad#	4/4 *

# Denotes Independent Non-Executive Director

\* Reflects the attendance and the number of meetings held during the period the Director held office

@ Became a Non-Independent Non-Executive Director with effect from 18 February 2004.

### (ii) Board Composition

The Board has twelve (12) members comprising:-

- The Chief Executive Officer
- Five (5) Executive Directors
- Four (4) Independent/Non-Executive Directors
- Two (2) Non-Independent/Non-Executive Director.

The Board members' varied skills and breadth of experience are relevant for the effective management of the Group's diversified business. A brief profile of each Director is presented on pages 3 to 6 of the Annual Report.

The roles of Chairman and Chief Executive Officer are currently assumed by Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") in recognition of TSVT's entrepreneurial leadership which has transformed the Group into a diversified conglomerate. He has overall responsibility for the Group's business operations, organisational effectiveness and the implementation of Board policies and decisions. Nevertheless, the ultimate responsibility for the final decision on all matters lies with the Board of Directors.

The Board also recognise the pivotal role of the independent directors in corporate accountability as they provide unbiased and independent views, advice and judgement. Dato' Suleiman bin Mohd Noor has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

### (iii) Supply of Information

The Directors have full and timely access to information concerning the Company and the Group. The Directors are provided with the relevant agenda and Board papers in sufficient time prior to Board meetings to enable them to obtain further explanation and clarification to facilitate informed decision-making. The Board papers include reports on the Group's financial, operational and corporate developments.

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

## (iv) Appointment to the Board

The Nomination Committee currently comprises the following members:-

Dato' Suleiman bin Mohd Noor  
- *Chairman/Independent/Non-Executive*

Tan Sri Datuk Abdul Rahim bin Haji Din  
- *Independent/Non-Executive*

Tan Sri Dato' Danny Tan Chee Sing  
- *Non-Independent/Non-Executive*

The Nomination Committee is primarily empowered by its terms of reference to perform amongst others, to recommend to the Board, new candidates as Board members or Board committee members.

## (v) Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysts Malaysia (now known as Bursa Malaysia Training Sdn Bhd), an affiliate company of Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programmes to further enhance their knowledge in the latest statutory and/or regulatory requirements on a continuous basis in compliance with Practice Note No. 15/2003 of Bursa Securities Listing Requirements on the Continuing Education Programme.

## (vi) Re-election of Directors

Any Director appointed during the year is required under the Company's Articles of Association, to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require that one-third of the Directors including the Managing Director, if any, to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election at least once in every three years.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

## (B) DIRECTORS' REMUNERATION

### (i) Remuneration Committee

The Remuneration Committee currently comprises the following members:-

Dato' Suleiman bin Mohd Noor  
- *Chairman/Independent/Non-Executive*

Tan Sri Datuk Abdul Rahim bin Haji Din  
- *Independent/Non-Executive*

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

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 determination of the remuneration for the Non-Executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.

### (ii) Details of the Directors' Remuneration

The Directors are satisfied that the current level of remuneration are in line with the responsibilities expected in the Group.

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Group and categorised into appropriate components for the financial year ended 30 April 2004 are as follows:-

	← RM'000 →				
	Fees	Salaries and other emoluments	Bonus	Benefits -in-kind	Total
Executive	13	1,569	250	244	2,076
Non-Executive	101	-	-	20	121
	114	1,569	250	264	* 2,197

\*The aggregate remuneration from the Group of RM2.197 million is inclusive of remuneration paid or payable to the Directors by the Company and its four (4) listed subsidiaries, as follows:-

	RM'000
Berjaya Group Berhad	786
Berjaya Land Berhad	871
Berjaya Capital Berhad	116
Cosway Corporation Berhad	346
Matrix International Berhad	13
Hyundai-Berjaya Corporation Berhad (Consolidated up to 15.1.2004 when it ceased to be a subsidiary)	65
	<b>2,197</b>

The number of Directors of the Company who served during the financial year and whose total remuneration from the Group falling within the respective bands are as follows:-

	Number of Directors	
	Executive	Non-Executive
RM1 - RM50,000	-	4
RM150,001 - RM200,000	2	-
RM200,001 - RM250,000	1	-
RM300,001 - RM350,000	2	-
RM350,001 - RM400,000	1	-
RM450,001 - RM500,000	1	-
	<b>7</b>	<b>4</b>

### (C) RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, circulars to shareholders, quarterly financial results and the various announcements made from time to time.

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

The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders where they may seek clarifications on the Group's businesses. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

### (D) ACCOUNTABILITY AND AUDIT

#### (i) Financial Reporting

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

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

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

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

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

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

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

### (iii) Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal controls which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. A Statement on Internal Control of the Group is set out on pages 31 and 32 of the Annual Report.

### (iv) Relationship with the Auditors

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

## (E) DEVIATION FROM BEST PRACTICE

### Best Practice AAll

The roles of the Chairman and Chief Executive Officer should be segregated to ensure a balance of power and authority, such that no one individual can dominate the board's decision making.

### Deviation

The Chief Executive Officer, Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") has also assumed the role of Chairman. The Board is aware of the dual role held and has decided that TSVT will continue to hold the dual role in recognition of his contribution which has transformed the Group into a diversified conglomerate.

# statement on internal control

## RESPONSIBILITY

The Board of Directors of Berjaya Group Berhad ('BGroup' or 'the Group') 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.

The Group's system of internal control is designed to manage the principal business risks that may impede the Group from achieving its business objectives. Notwithstanding, due to the limitations that are inherent in any system of internal control, the Group's internal control system cannot eliminate the risk of failure to achieve its business objectives. The system can only provide reasonable but not absolute assurance against material misstatement or loss.

## MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The Group's businesses are divided into eight main divisions:

- Financial services
- Manufacturing
- Property investment and development
- Hotel, resort and recreation
- Restaurants and cafes
- Gaming and related activities
- Marketing of consumer products and services
- Investment holding & others

In overseeing the Group's businesses, the Board continually strives for an appropriate balance between control and empowerment. The Board established the Group Management Committee (GMC) which consists of certain Executive Directors of the Company to assist the Board in setting and reviewing high-level policies that support the business objectives of the Group. The GMC will address pertinent information for the Board's attention if Board-level decision-making is required.

The GMC also assists the Board in monitoring the performance and profitability of the Group's businesses through the review of key performance indicators, budgets and management reports.

Management of the day-to-day affairs of the Group's businesses within the various divisions are assigned to local management, comprising Managing Directors/Chief Executive Officers/Executive Directors of the main operating companies, who are accountable for the conduct and performance of their businesses within the agreed business strategies. Local management attend various management and operations meetings, and review financial and operations reports, in order to monitor the performance and profitability of their respective businesses. Paramount to this process is the role played by

the Group's Executive Directors and senior management personnel who, by virtue of their presence on the Boards of both listed and unlisted subsidiaries of the Group, supervise the subsidiaries' activities, and regularly update the Boards of the respective listed and unlisted subsidiaries of the Group, and thereafter the GMC.

The Group also prides itself with its 'open-door' and 'hands-on' approach, practised by the Executive Directors, senior management and executives of the Group. This culture allows for any matters arising to be promptly and efficiently dealt with, drawing from the experience and knowledge of employees throughout the Group.

The above monitoring and reporting processes present the platform for the timely identification of the Group's principal business risks, as well as systems to manage them. The Group also has in place various support functions, which are centralised at BGroup. These comprise Secretarial, Legal, Tax, Human Resource, Procurement, Treasury, Investment and Accounts and Budgets. The support functions maintain consistency in the setting and application of policies and procedures relating to these functions, and reduce duplication of efforts, thereby providing synergy to the Group.

The Board does not regularly review the internal control system of its associated companies, as the Board does not have any direct control over their operations. The Group's interest are served through representations on the boards of the respective associated companies and receipt and review of management accounts, and enquiries thereon. These representations also provide the Board with information and timely decision-making on the continuity of the Group's investments based on the performance of the associated companies.

## ASSURANCE MECHANISM

The Board has assigned the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The Audit Committee receives reports from the internal auditors.

The Internal Audit function of the Group furnishes the Audit Committee with reports from visits conducted at various unlisted subsidiaries. The Internal Audit functions of the respective listed subsidiaries conduct regular reviews of the subsidiaries and business units in each of their listed groups, and report directly to the Audit Committee of the respective listed subsidiaries.

Further, any areas for improvement identified during the course of the statutory audit by the external auditors are brought to the attention of the Audit Committee through management letters, or are articulated at Audit Committee meetings.

## statement on internal control (continued)

The Board reviews the minutes of the meetings of the Audit Committee. The Report of the Audit Committee is set out on Pages 25 to 26 of the Annual Report.

### KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

The Group has an extensive system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key features of BGroup's system of internal control, include:

1. Timely financial and operations reports
2. Scheduled operations and management meetings
3. Clear organisation structure with delineated reporting lines
4. Defined levels of authority
5. Capable workforce with ongoing training efforts
6. Centralised human resource function which outlines procedures for recruitment, training, appraisal and the reward system
7. Centralised procurement function that ensures approval procedures are adhered to, as well as to leverage on the Group's purchasing power
8. Payment functions controlled at Head office
9. Regular visits to the operating units of the Group's businesses by the Executive Directors and senior management personnel
10. The Group Management Committee which reviews and recommends high-level policies for the Group as well as monitors and review performance and profitability
11. Independent assurance on the system of internal control from regular internal audit visits

In line with the Malaysian Code of Corporate Governance, and as part of the Company's plans to further enhance the

Group's system of internal control, it has established a Risk Management Committee ("RMC"). The Board entrusts the RMC with the overall responsibility to regularly review and monitor the risk management activities of the Group, in accordance with the Internal Control Guidance, and to approve appropriate risk management procedures and measurement methodologies. The members of the RMC are Dato' Suleiman Bin Mohd Noor (Chairman), Tan Sri Datuk Abdul Rahim Bin Haji Din, Rayvin Tan Yeong Sheik, Chan Kien Sing, Freddie Pang Hock Cheng and Datuk Robert Yong Kuen Loke.

The RMC terms of reference include, inter alia:

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

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