



**BERJAYA**  
**BERJAYA CORPORATION BERHAD**  
(Company No. 554790-X)

برجاي كورپوريشن برحد  
成功集團有限公司



Laporan Tahunan

**2006**  
Annual Report



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

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

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# corporate profile

The Berjaya Corporation 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) 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 Corporation Berhad.

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 (formerly known as Raleigh Berhad) was incorporated in 1967 as a bicycle manufacturer. In 1969, the Company gained official listing on Bursa Malaysia Securities Berhad.

Berjaya Corporation Berhad assumed the listing status of Berjaya Group Berhad on the Main Board of Bursa Securities upon the completion of the group restructuring exercise effected in October 2005.

Today, the Group has a total employee strength of over 15,500 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  
Dato' Azlan Meah Bin Hj Ahmed Meah  
Y.M. Tunku Datin Noor Hayati Binti  
Tunku Abdul Rahman Putra

### *Directors*

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

## SECRETARIES

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

## SHARE REGISTRAR

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

## AUDITORS

Ernst & Young  
Chartered Accountants

## REGISTERED OFFICE

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

## PRINCIPAL BANKERS

Affin Bank Berhad  
Alliance Bank Malaysia Berhad  
Alliance Merchant Bank Berhad  
AmBank (M) Berhad  
AmMerchant Bank Berhad  
Aseambankers Bank Berhad

CIMB Bank Berhad  
Bank of Nova Scotia Berhad  
EON Bank Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
Southern Bank Berhad  
OCBC Bank (Malaysia) Berhad

## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia  
Securities Berhad

## STOCK SHORT NAME

BJCORP (3395)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia



Berjaya Headquarters at Berjaya Times Square,  
Kuala Lumpur.

# profile of directors



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

54 years of age, Malaysian  
Chairman/Chief Executive Officer

He was appointed to the Board of the Company as its Chairman/Chief Executive Office ("CEO") on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been a Director of Berjaya Group Berhad since 15 August 1987 and was appointed as Chairman/CEO of Berjaya Group Berhad on 4 October 1994.

He is a businessman and entrepreneur with varied interests in property development and investment, gaming, stockbroking, manufacturing, trading, hospitality, Internet-related businesses, utilities, media, telecommunications, insurance and education through various public and private companies namely, Berjaya Corporation group of companies, Intan Utilities Berhad, Nexnews Berhad, Matrix International Berhad, MOL.com Berhad, MiTV Corporation Sdn Bhd and Sun Media Corporation Sdn Bhd.

He is currently the CEO of Berjaya Sports Toto Berhad and the Managing Director of Sports Toto Malaysia Sdn Bhd. He is also the Chairman of Nexnews Berhad, Dunham-Bush (Malaysia) Bhd and Informatics Education Ltd, Singapore, Berjaya Times Square Sdn Bhd, Convenience Shopping Sdn Bhd, the owner of the 7-Eleven franchise in Malaysia and MiTV Networks Sdn Bhd, a new 3G mobile phone operator in Malaysia.

He also holds directorships in Berjaya Vacation Club Berhad, Berjaya Hills Berhad (formerly known as Bukit Tinggi Resort Berhad), KDE Recreation Berhad, Berjaya Golf Resort Berhad, Bukit Kiara Resort Berhad as well as several other private limited companies including Sun Media Corporation Sdn Bhd.

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

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

# profile of directors



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

51 years of age, Malaysian  
Deputy Chairman  
Non-Independent Non-Executive

He was appointed to the Board of the Company and as its Deputy Chairman on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been a Director of Berjaya Group Berhad since 2 February 1989 and was appointed as Deputy Chairman of Berjaya Group Berhad on 21 September 2001.

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, Executive Vice-Chairman of TT Resources Berhad, 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, KDE Recreation Berhad and Berjaya Golf Resort Berhad.

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

Tan Sri Dato' Danny Tan Chee Sing is a member of the Nomination Committee of the Company.



## **DATUK ROBERT YONG KUEN LOKE**

54 years of age, Malaysian  
Executive Director

He was appointed to the Board of the Company and as its Executive Director on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been an Executive Director of Berjaya Group Berhad since 1 July 1993.

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 was with PriceWaterhouse, Singapore from 1979 to 1982. Prior to joining 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 and Matrix International Berhad. He also holds directorships in Berjaya Golf Resort Berhad and several other private limited companies.

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



**CHAN KIEN SING**

50 years of age, Malaysian  
Executive Director

He was appointed to the Board of the Company and as its Executive Director on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been an Executive Director of Berjaya Group Berhad since 1 July 1993.

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

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



**FREDDIE PANG HOCK CHENG**

51 years of age, Malaysian  
Executive Director

He was appointed to the Board of the Company and as its Executive Director on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been an Executive Director of Berjaya Group Berhad since 15 September 1995.

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

He is currently the Chairman of Intan Utilities Berhad, an Executive Director of Berjaya Sports Toto Berhad, a Director of Nexnews Berhad, MOL.com Berhad, Dunham-Bush (Malaysia) Bhd, Berjaya Vacation Club Berhad and Informatics Education Ltd, Singapore. He also holds directorships in several other private limited companies.

# profile of directors



**RAYVIN TAN YEONG SHEIK**

27 years of age, Malaysian  
Executive Director

He was appointed to the Board of the Company and as its Executive Director on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been an Executive Director of Berjaya Group Berhad since 1 May 2002.

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 Merill 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), Taiga Building Products Ltd (Canada) and several other private limited companies.

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



**VIVIENNE CHENG CHI FAN**

47 years of age, Malaysian  
Executive Director

She was appointed to the Board of the Company and as its Executive Director on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. She has been an Executive Director of Berjaya Group Berhad since 12 December 2002.

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 Sunway Group of Companies for 6 years and headed its Treasury Division.

Currently, she holds directorships in several private limited companies in the Berjaya Corporation group of companies.





**DATO' AZLAN MEAH BIN HJ AHMED MEAH**

50 years of age, Malaysian  
Executive Director

He was appointed to the Board of the Company and as its Executive Director on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been an Executive Director of Berjaya Group Berhad since 1 February 2005.

He furthered his education at Bunker Hill Community College, Boston USA. He began his career in Berjaya Group of Companies ("the Group") in 1986 as Business Development Manager and was the Senior General Manager (Corporate Services & Information) prior to his current appointment.

He has close to 20 years of working experience in the Group and has played a major advisory role in the Group's projects in the field of privatisation, infrastructure, air transportation, recreational and hotel resort development. He also represented the Group effectively in corporate and governmental relations, negotiations and the Group's new business ventures.

Currently, he is also a Director of Berjaya Hills Berhad (formerly known as Bukit Tinggi Resort Berhad) and holds directorships in several other private limited companies in the Berjaya Corporation group of companies.



**Y.M. TUNKU DATIN NOOR HAYATI BINTI  
TUNKU ABDUL RAHMAN PUTRA**

39 years of age, Malaysian  
Executive Director

She was appointed to the Board of the Company and as its Executive Director on 1 June 2006. She obtained her Degree of Bachelor of Law from University of London, (Queen Mary & Westfield and School of Oriental & African Studies) in 1991. She also has a Diploma in Psychology Counselling from Universiti Kebangsaan Malaysia.

Prior to her appointment, she has been involved in various business activities including property investment, trading and consultancy services. She is also actively involved in social activities and is currently a Committee Member of Wanita PERKIM Kebangsaan.

Currently, she is also a Director of Dunham-Bush (Malaysia) Bhd and holds directorships in several other private limited companies.

# profile of directors



## **DATO' MOHD ANNUAR BIN ZAINI**

55 years of age, Malaysian

Independent Non-Executive Director

He was appointed to the Board of the Company on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been a Director of Berjaya Group Berhad since 2 July 2001.

He holds a Master of Arts in Law & Diplomacy from the Fletcher School of Laws & Diplomacy, Tufts University, United States of America and a Bachelor of Arts with honours in Economics from Universiti Kebangsaan Malaysia.

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. In 1993, he was appointed General Manager of Yayasan Perak, a position he held until 1999 before he chose to take an optional retirement from the government service.

Since February 2004, he has been appointed the Chairman of Malaysian National News Agency (BERNAMA). Also in February 2004, His Royal Highness ("HRH") The Sultan of Perak consented his appointment as Member of the Council of Elders to HRH Sultan of Perak. He is a Visiting Fellow to Institute of Strategic and International Studies ("ISIS") Malaysia, Fellow to Institut Sosial Malaysia and a member of the Accreditation Privy Council Institute Public Relations Malaysia. He is a member of the Board of Directors of Universiti Malaya and Chairman of the Management Committee Universiti Malaya Medical Centre. He is an Independent Council Member of Malaysian Hockey Federation, Board of Trustee Malaysian Hockey Foundation and Member of the National Youth Consultative Council.

On the corporate sector, he is the Chairman of AWC Facility Solutions Berhad and he holds directorships in Malaysian Airline System Berhad, Linkedua Malaysian Berhad, Berjaya Vacation Club Berhad and Informatics Education Ltd, Singapore. He also holds directorships in the Berjaya Corporation group of companies and several other private limited companies.



**DATO' SULEIMAN BIN MOHD NOOR**

76 years of age, Malaysian

Independent Non-Executive Director

He was appointed to the Board of the Company on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been a Director of Berjaya Group Berhad since 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 a Patron of Johor Life Saving Society and a trustee of Yayasan Sultan Iskandar, Johor. He also holds directorships in other private limited companies.

Dato' Suleiman Bin Mohd Noor is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.



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

67 years of age, Malaysian

Independent Non-Executive Director

He was appointed to the Board of the Company on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been a Director of Berjaya Group Berhad since 19 September 1996.

He graduated with a degree in Bachelor of Arts from Universiti 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 also holds directorships in several other private limited companies.

Tan Sri Datuk Abdul Rahim Bin Haji Din is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

# profile of directors



**DATO' HJ MD YUSOFF @ MOHD YUSOFF BIN JAAFAR**

59 years of age, Malaysian  
Independent Non-Executive Director

Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar was appointed to the Board of the Company on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been a Director of Berjaya Group Berhad since 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 also actively involved in various community organisations and has served as the Special Advisor to the Ministry of Social Development and Urbanisation Sarawak.

Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar is a member of the Audit Committee of the Company.



**MOHD ZAIN BIN AHMAD**

54 years of age, Malaysian  
Independent Non-Executive Director

He was appointed to the Board of the Company on 15 September 2005 in conjunction with the restructuring exercise of Berjaya Group Berhad. He has been a Director of Berjaya Group Berhad since 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 Diploma 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.

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 and review of operations

Berjaya Hills, Bukit Tinggi, Pahang.

On behalf of the Board of Directors of Berjaya Corporation Berhad ("BCorp"), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 April 2006.

The financial year ended 30 April 2006 had been an eventful year for the Group. It was a year that Berjaya Group Berhad ("BGroup") completed its massive corporate restructuring exercise, which took more than three years to implement. The said exercise resulted in BCorp emerging as the new ultimate listed entity for the Group, assuming the listing status of BGroup on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 3 January 2006.

As part of the aforementioned restructuring exercise, Berjaya Hills Berhad (formerly known as Bukit Tinggi Resort Berhad), was injected into the Group. Berjaya Hills Berhad, which has a land bank of about 16,000 acres, owns and manages Berjaya Hills in Bukit Tinggi, Pahang which has huge development potential. Some of the major on-going developments in Berjaya Hills include 528 units of serviced suites at Meranti Heights Condominiums, Le Chevalier Convention Centre with a 14,500 sq. ft. ballroom and six function rooms and The Chateau Spa Resort, a French boutique spa hotel with 212 rooms. There are also bungalow development projects in Berjaya Hills where over 300 bungalow lots and 10 units of specially designed 2- and 3- storey villas are ready for sale to prospective buyers. These developments complement and enhance the current attractions at Berjaya Hills like the Berjaya Hills Golf & Country Club, the French-inspired village of Colmar Tropicale, the Japanese Tea House, the Rabbit Farm and the Botanical Garden.

## FINANCIAL RESULTS

For the financial year ended 30 April 2006, BCorp Group recorded a lower revenue of RM2.7 billion compared to RM2.9 billion revenue in the previous financial year mainly attributed to the full year effect of deconsolidation of Matrix International Berhad ("Matrix") and Convenience Shopping Sdn Bhd and the loss of sales for Roadhouse Grill Inc., which operates restaurants mainly in Florida, USA as a result of Hurricane Katrina in August 2005.



Japanese Village, Berjaya Hills, Pahang.



Skin Care range from Cosway.



# chairman's statement and review of operations



Berjaya Redang Beach & Spa Resort, Terengganu.

Excluding the results of Matrix and Convenience Shopping, the Group registered a year on year revenue growth of 3.8%.

The Group incurred a pre-tax loss of RM498.1 million and loss attributable to shareholders of RM663.4 million compared to a pre-tax profit of RM371.0 million and profit attributable to shareholders of RM151.2 million respectively in the previous year. Of the aggregate loss attributable to shareholders of RM663.4 million in the year under review, RM674 million were non-cash charges comprising a one-time non-cash charge of RM384.5 million relating to the group restructuring costs arising from the completion of the BGroup restructuring exercise in the third quarter and RM289.5 million of impairment in value of goodwill of certain subsidiary companies. These exceptional charges are not expected to recur.

At the operating level, BCorp Group registered a profit of RM159 million for the financial year under review.

Group equity funds for the year ended 30 April 2006 increased to RM2.65 billion after the completion of the Group restructuring exercise compared to RM492 million last year.

## Dividend

No dividend has been declared in respect of the financial year ended 30 April 2006 (2005: Nil).

## Significant Corporate Developments

1. Further to the BGroup Voluntary Scheme Of Arrangement under Section 176 of the Companies Act, 1965, the following were completed on 31 October 2005:
  - (i) the exchange of BGroup's securities with BCorp's securities;
  - (ii) the repayment of part of the BCorp's bank borrowings through the issuance of BCorp ICULS and the balance of certain bank borrowings were restructured into a new term loan; and
  - (iii) the acquisition of Berjaya Hills Berhad by the Company through the issuance of 802.1 million new ordinary shares of RM1.00 each of BCorp.

In line with the completion of BGroup's corporate restructuring exercise, Berjaya Land Berhad ("B-Land") and Berjaya Capital Berhad (BCapital") had also completed their respective corporate exercises during the financial year.

In December 2005, B-Land completed its corporate exercise, which involved two (2) bonus issues; a capital repayment and consolidation; the settlement by BCorp on



Bukit Jalil Golf & Country Resort, Kuala Lumpur.



The Peak, Kuala Lumpur is one of the Group's high-end bungalow land projects.





An artist impression of The Great Mall of China, Hebei Province, People's Republic of China.



Taiga Building Products Ltd, Canada.

behalf of BGroup the inter-company balance due and the termination of the put option obligation; and a special dividend-in-specie.

BCapital also completed its corporate exercise in December 2005, which entailed a bonus issue; a capital repayment and consolidation; the settlement by BCorp on behalf of BGroup the inter-company balance due; and a special dividend-in-specie.

- On 6 September 2005, the Company announced that Berjaya Forest Products (Luxembourg) S.a.r.l ("BFPL"), a wholly-owned subsidiary of the Company had on 1 September 2005 received 12.67 million Stapled Units in Taiga Building Products Ltd ("TBP") arising from the conversion of 3.17 million common shares in Taiga Forest Products Ltd ("Taiga"), an associated company of BFPL. The transaction was effected through a plan of arrangement approved by the shareholders of Taiga on 27 June 2005. Under the plan of arrangement, each Taiga common share was exchanged for 4 Stapled Units in TBP. Each Stapled Unit consisted of one common share and a 14% unsecured subordinated note ("TBP Notes") in the principal amount of CAD5.32 or approximately RM17.20.

Subsequently, on 29 May 2006, the Company announced that BFPL had on 18 May 2006 successfully disposed of CAD21.39 million principal amount 14% subordinated notes of TBP for a total cash consideration of CAD22.46 million (approximately RM71.66 million) pursuant to the TBP's offer to purchase for up to CAD42.5 million aggregate principal amount of its outstanding TBP Notes for a purchase price equal to 105% of the principal amount of the TBP Notes, equivalent to CAD5.586 per TBP Note. The proceeds were subsequently received on 26 May 2006 in Kuala Lumpur.

- On 2 December 2005, B-Land announced the proposed subscription by Berjaya Leisure (Cayman) Limited, a wholly-owned subsidiary company of B-Land, of 51% of the enlarged capital contribution of Berjaya (China) Great Mall Co. Ltd ("GMOC") for a total cash consideration of approximately RMB33.3 million (about RM15.5 million), hereinafter referred to as the "Proposed Subscription".

GMOC which is principally involved in property development and investment, is currently contemplating to undertake a mixed development project comprising retail, entertainment, theme park and water park located at Yanjiao Development & Economic Tech, Sanhe City, Hebei Province, People's Republic of China.



Inter-Pacific Securities, Berjaya Times Square, Kuala Lumpur.

Premier Waterfront Chalets, Berjaya Langkawi Beach & Spa Resort, Kedah.



# chairman's statement and review of operations

Subsequently on 7 April 2006, B-Land announced that GMOC had received approval from National Development Reform Committee of Central Government, China for its Great Mall Project subject to GMOC increasing its registered capital to RMB890.0 million (about RM414.0 million) from the current registered capital of RMB98.0 million (about RM45.6 million). In view of the aforementioned requirement, BLCL's proposed 51% subscription in GMOC will also increase from RMB33.3 million to RMB453.9 million or equivalent to approximately RM211.1 million ("Proposed Revision").

The total subscription consideration of RMB453.9 will be financed through internally generated funds and proceeds from the proposed divestment of overseas investments. The approval from Bank Negara Malaysia for the remittance of funds was obtained on 2 May 2006.

The Proposed Revision is now pending approval from the shareholders of B-Land and other relevant Chinese authorities.

- On 25 January 2006, B-Land announced the termination of the share sale agreement dated 23 June 2005 entered into between B-Land and its wholly-owned subsidiaries, Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd and Berjaya Land Development Sdn Bhd and Intan Utilities Berhad ("Intan") in relation to the proposed disposal of 320 million Berjaya Sports Toto Berhad ("BToto") shares to Intan for a total cash consideration of RM1.152 billion or RM3.60 per BToto share ("Proposed Disposal"). Accordingly, B-Land has compensated Intan with RM9 million cash for the termination of the said agreement.

As a condition for the acceptance of the above mutual termination, Intan has requested that the sale and purchase agreements between Angsana Gemilang Sdn Bhd ("AGSB") and Cempaka Properties Sdn Bhd ("CPSB"), wholly-owned subsidiaries of B-Land, and Convenience Shopping Sdn Bhd, a subsidiary of Intan, for the proposed disposal of a 3-storey commercial building with 2 levels of basement car parks located in Kuala Lumpur and 3 adjoining retail units located at Berjaya Megamall, Kuantan respectively, be mutually terminated. The Boards of B-Land, AGBS and CPSB agreed to the mutual termination of the said agreements.

- On 25 January 2006, B-Land announced a proposal to issue up to RM900 million nominal value 5-year secured Exchangeable Bonds which would be exchangeable into existing ordinary shares in BToto ("BToto Shares") currently held by B-Land ("Proposed Exchangeable Bonds issue").

B-Land proposed to utilize up to approximately RM489.6 million from the proceeds of the Proposed Exchangeable Bonds issue to refinance part of the Group's bank borrowings and approximately RM387.9 million to repay the inter-company borrowings owed to BToto.

The Proposed Exchangeable Bonds issue had received B-Land shareholders' approval at an EGM held on 2 August 2006.

On 15 August 2006, the Proposed Exchangeable Bonds issue of RM900 million was successfully completed. The final pricing of the Exchangeable Bonds issue was determined at an exchange premium of approximately 19% and a yield of 8% per annum. The Exchangeable Bonds were accorded an investment grade rating of A (A flat) by Malaysian Rating Corporation Berhad. The Exchangeable Bonds issue is the largest Ringgit Malaysia exchangeable bonds issue ever made by a corporation in Asia to both local and international investors.



Installing of compressor for water-cooled chiller in Dunham-Bush's manufacturing plant.

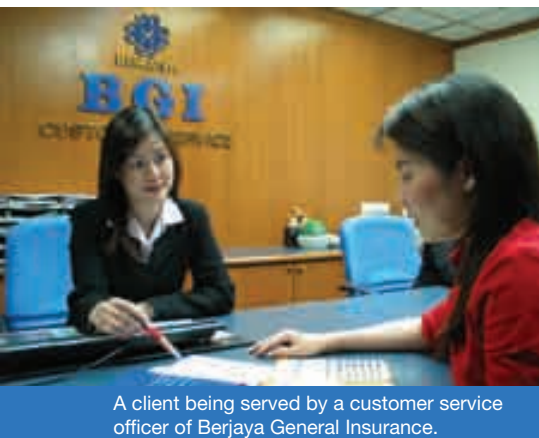


Designer Collection is one of Cosway's range of perfumes.

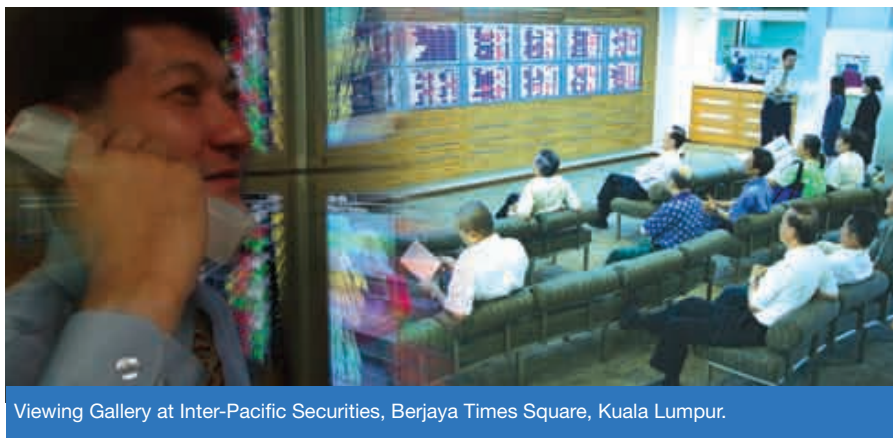


Green Avenue Condominiums, Bukit Jalil, Kuala Lumpur.





A client being served by a customer service officer of Berjaya General Insurance.



Viewing Gallery at Inter-Pacific Securities, Berjaya Times Square, Kuala Lumpur.

6. On 11 March 2006, BCapital completed the disposal of Eng Equities Sdn Bhd (formerly known as Eng Securities Sdn Bhd) ("ENG"), a subsidiary company of BCapital group, to Malaysian Industrial Development Finance Berhad for a cash consideration of RM30.0 million and the transfer of the entire business of ENG to Inter-Pacific Securities Sdn Bhd which effectively gave rise to the disposal of ENG's stockbroking licence.
7. On 3 May 2006, Cosway Corporation Berhad ("CCB") announced the completion of its capital distribution of approximately 51.67 million Dunham-Bush shares to CCB shareholders on the basis of three Dunham-Bush shares for every twenty existing CCB shares held ("CCB Capital Distribution") on 28 April 2006.

As a result of the CCB Capital Distribution, Dunham-Bush ceased to be a subsidiary company of CCB but remains as a subsidiary of BCorp Group with an equity interest totalling about 57%.

## REVIEW OF OPERATIONS

### Financial Services

#### Stockbroking

During the year under review, the Bursa Malaysia Composite Index rose by 8% to close at 949.2 points on 30 April 2006 compared to 878.9 points on 30 April 2005. The overall value of transactions on Bursa Malaysia Securities Berhad however, decreased by 5% to RM205 billion as compared to RM216 billion in the previous financial year.

Inter-Pacific Capital Sdn Bhd ("IPC") reported a pre-tax profit of RM76.8 million for the financial year ended 30 April 2006 compared to RM33.8 million previously. The significant increase was mainly due to the inclusion of an exceptional gain from the sale of Eng Equities Sdn Bhd's ("ENG") stockbroking's licence to MIDF.

On 1 August 2005, IPS established a new branch office in Danau Desa, Kuala Lumpur. Subsequent to the financial year end, IPS established another branch in Kuchai Lama, Kuala Lumpur on 12 June 2006 bringing the total number of offices to five. With the establishment of the new offices, which are located in vibrant and busy commercial areas, IPS expects to increase its customer base and offer better services and convenience to its clients. The opening of new offices by IPS is in line with the Securities Commission's capital market initiatives whereby eligible

stockbroking companies (i.e. those which have completed a 1+1 merger) are allowed to set up an unlimited number of branches from 2006 onwards.

Despite some signs of weakness in the equity market since the financial year end mainly due to external factors, IPC is optimistic that its stockbroking operations will continue to remain profitable in the current financial year. IPC's optimism is underpinned by the favourable economic outlook for 2006, with real GDP projected to expand by 6%.

#### General Insurance

For the financial year ended 30 April 2006, Berjaya General Insurance Bhd ("BGI") recorded a higher pre-tax profit of RM36.8 million as compared to RM23.8 million in the preceding year mainly due to improvement in underwriting results and higher interest and investment income.

Gross premium recorded an increase of 20% to RM251.5 million from RM209.5 million in the previous year. Underwriting profit increased to RM9.7 million from RM6.1 million in the previous year mainly due to lower claims ratio of 63.96% as compared to 65.90% last year.

Total assets strengthened to RM476.6 million from RM434.3 million in 2005 and shareholders' funds also improved to RM166.4 million from RM164.5 million in the previous year.

# chairman's statement and review of operations

Presently, BGI is intensifying its efforts on brand building, increasing productivity of its agency force, product development and establishing alternative distribution channels to stay competitive and meet the expectations'.

Looking ahead, BGI is committed and will continue to develop its business with disciplined marketing and underwriting, and efficient claims handling to ensure its clients are provided with the most efficient service.

## HOTELS & RESORTS DEVELOPMENT

The Berjaya Hotels & Resorts ("BHR") Division profited from the generally positive business environment, enhanced sales efforts, innovative marketing strategies and aggressive promotional activities during the financial year ended April 2006.

BHR's occupancy rate increased by 9% and total revenue rose by 14% to RM241 million from RM221 million in the previous financial year.

Berjaya Times Square Hotel & Convention Center and Berjaya Langkawi Beach & Spa Resort achieved a better performance with an improved occupancy and average room rate. However, the resorts in Seychelles recorded lower occupancy and room rates due to stiff competition and a reduction in inbound flights by major airlines, which consequently resulted in a 12% decline in revenue.

Overall, BHR did well and earnings before interest, depreciation and amortization (EBIDA) for the year under review improved by 20% to RM61 million. However due to a one-time high provision for depreciation charge for operating equipment, operational profit declined by 7.6% when compared to the previous financial year.

During the year under review, Berjaya Langkawi Beach & Spa Resort completed the construction of 102 new premier land and water chalets. Today, the resort boasts a total of 502 rooms and continues to be the leading resort operator in Langkawi.

The construction of an additional 112 rooms at the Berjaya Redang Beach Resort was also recently completed and opened for reservation in April 2006. A further 18 suites are expected to be completed by end of the next financial year. In addition to its room extension programme, the resort also unveiled a new spa facility by Ayura Spa, a renowned spa operator that provides similar facilities at the Berjaya Langkawi Beach & Spa Resort and Berjaya Tioman Golf & Spa Resort.



Berjaya Le Morne Beach,  
Resort & Casino, Mauritius.



Berjaya Hotel, Singapore.



The Chateau Spa Resort, Berjaya Hills, Pahang.





Tatami Spa, Berjaya Hills, Pahang.

Due to increasing pressures from high inflation rates that has caused a surge in raw material and energy costs, BHR has been careful to remain prudent and focused on cost containment measures at all levels of operation as it continuously strives for higher operating efficiency.

A significant amount of investment is being channeled towards upgrading and replacing the current computerized system to further improve and strengthen BHR's operational capabilities. To date, a new Property Management System ("PMS") has been successfully implemented at Berjaya Tioman Golf & Spa Resort and Berjaya Times Square Hotel & Convention Centre. Work to update the system at the other resorts is currently under progress.



Horse riding activity in Berjaya Hills, Pahang.

To further capture a bigger market segment, BHR has revamped and re-launched its website ([www.berjayahotels-resorts.com](http://www.berjayahotels-resorts.com)) with booking engine capabilities to enhance the division's e-business capabilities.

An integrated marketing communication plan is in place to reinforce Berjaya Hotels & Resorts' branding and position in the local and regional markets. This includes new marketing tools such as corporate video, multimedia CDs, revamp of marketing collaterals to reflect the company's logo change, public relations events and media plans for local and overseas markets focusing on its target markets and audiences.

#### **Berjaya Hills Berhad**

A new addition to the Group, Berjaya Hills is involved in the development and managing of resort hotels, leisure, recreational and entertainment related facilities and residential development projects at Bukit Tinggi, Bentong, Pahang. Berjaya Hills officially changed to its current name on 24 July 2006.

During the year under review, Colmar Tropicale, the French-inspired theme resort, recorded an improvement in revenue mainly due to aggressive synergistic efforts between the resort and the BHR Division in promoting the resort to MICE (Meeting Interactive Convention Exhibition), corporate clients, travel agents and the Government sector.



Superior Room, Berjaya Redang Beach & Spa Resort, Terengganu.

However, Berjaya Hills Golf & Country Club recorded lower revenue mainly due to stiff competition which caused a slowdown in golf membership sales and fewer tournaments organized at the club during the year. Steps have been taken to improve the condition of the golf course to entice more golfers to play at the club coupled with aggressive marketing efforts to attract more golfers to join the club.

On-going projects at Berjaya Hills include the bungalow development project where over 300 bungalow lots with ten completed villas are ready for sale to those who appreciate the cool resort-styled living environment. The villas come in Balinese, Country Mano, Victorian Heritage and contemporary designs.

Under planning is the Meranti Heights Condominiums with a total of 528 units of serviced suites. This project, offering one and two-bedroom suites, is expected to be launched in the next financial year.

In addition to the current Le Chevalier Convention Centre, a second Convention Centre, with a 14,500 sq. ft. ballroom and 6 function rooms, is expected to be completed by end 2006. Following this, the Chateau Spa Resort with 212 rooms will be due for completion in the first quarter of 2007. These will complement and enhance the current attractions at Berjaya Hills such as the Japanese Tea House, Rabbit Farm and Botanical Garden.

# chairman's statement and review of operations



Bukit Jalil Golf & Country Resort, Kuala Lumpur.



Kelab Darul Ehsan, Ampang, Selangor.

Moving forward, Berjaya Hills will continue to promote its resorts and facilities to corporate clients, travel agents and the Government sector. With the synergistic efforts taking place between Berjaya Hills and Berjaya Hotels & Resorts Division coupled with innovative marketing plans and promotional programmes, we foresee that Berjaya Hills would emerge as one of the favourite holiday destinations and recreational spots for tourists in this region.

## Vacation Timeshare

For the financial year under review, Berjaya Vacation Club Berhad ("BVC") reported a revenue of RM31.93 million, down 23% from the previous financial year mainly due to a slow down in membership sales resulting from the general decrease in demand in the market place and the maturity stage of the Malaysian timeshare industry. In addition to that, there were fewer direct travel fairs organized during the financial year.

Despite the slowdown in the timeshare industry, BVC continued to add value to its members by expanding its affiliation network from 94 locations to 114 locations for the year under review. There are now a total of 41 local resorts and 73 resorts overseas. Popular new destinations include Indonesia and New Zealand.

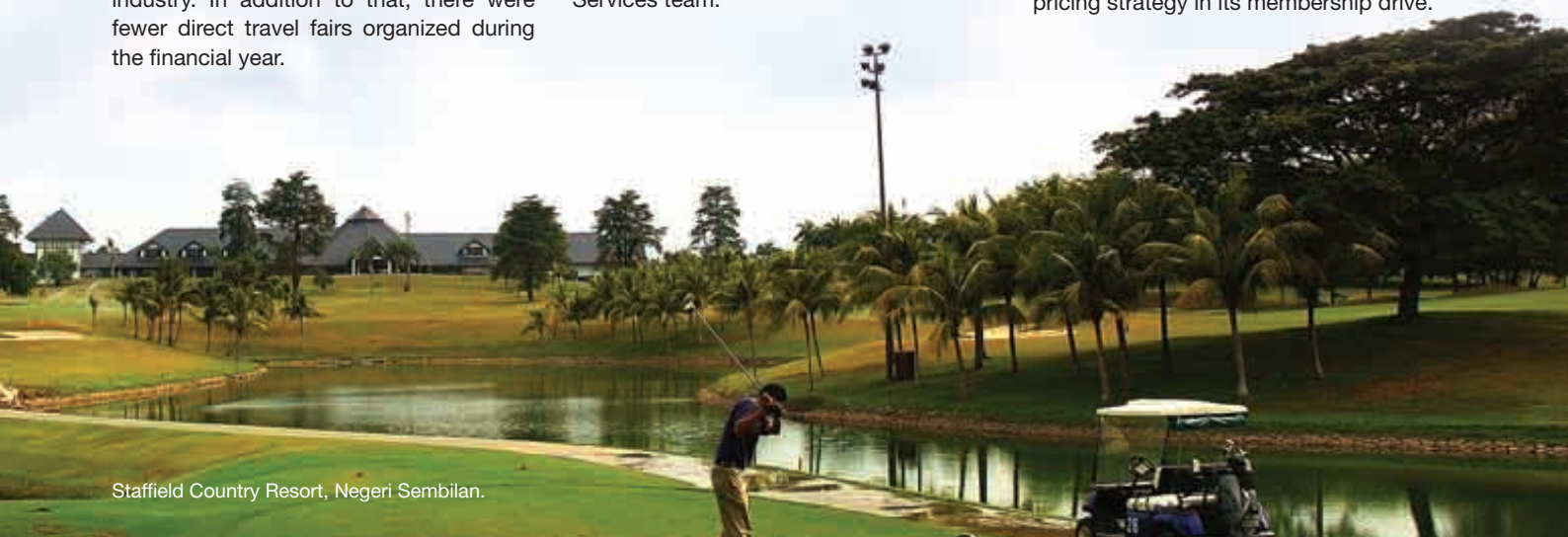
BVC also continued to improve its services to members by launching a new telephone system in mid September 2005 which enables all incoming calls to be attended to faster, thus reducing the waiting time for callers.

For the coming year, BVC will be focusing more on staff development. Intensive on-going staff training and retraining will be provided to equip our personnel with the latest skills in customer service management in order to increase the efficiency and productivity of our Member Services team.

## Clubs And Recreation

During the financial year ended 30 April 2006, the Clubs and Recreation Division recruited a total of 759 golf and non-golf memberships compared to 588 memberships sold in the previous financial year. Despite the higher recruitment, the Division's revenue was marginally lower than the last financial year attributed to the pricing strategy taken for non-golf membership to counter the stiff competition posed by other competitors. Total memberships as at the financial year end for all five golf and recreational clubs were 21,500 members, of which half are golf members.

Looking ahead, membership recruitment is expected to be challenging due to growing competition. The Clubs and Recreation Division will continue to strive to improve its performance with innovative marketing campaigns and by maintaining a competitive pricing strategy in its membership drive.



Staffield Country Resort, Negeri Sembilan.





Dash-7 aircraft from Berjaya Air.

### Berjaya Air Sdn Bhd

Berjaya Air Sdn Bhd (“Berjaya Air”) achieved a marginally higher revenue of RM28 million for the financial year ended 30 April 2006. The overall number of passengers rose to 109,381, representing an increase of 15% over the last financial year.

Berjaya Air’s “Great Holiday Escapes” online do-it-yourself holiday packages have been well received since its inception on 15 February 2005. The “Great Holiday Escapes” promotion captured a larger segment of tourists travelling by air to popular destinations such as Koh Samui in Thailand, in addition to favourites such as the islands of Tioman, Redang and Pangkor.

Berjaya Air has also embarked on an exercise to secure an online booking and e-ticketing system which enables the company to reduce overhead costs and to provide booking flexibility to support its growing business requirements. The move will also prepare Berjaya Air to assimilate its ticketing system with global standards and also meet the December 2007 deadline set by the International Air Transport Association for the deployment of a paperless ticketing system.

### PROPERTY INVESTMENT

The occupancy rates for the Group’s investment properties for the financial year ended 30 April 2006, and comparative figures for 2005, were as follows:

Property	Occupancy Rates/ Financial Year	
	2006	2005
KL Plaza, Kuala Lumpur	90%	92%
Plaza Berjaya, Kuala Lumpur	87%	79%
Kota Raya Complex, Kuala Lumpur	92%	94%
Wisma Cosway, Kuala Lumpur	87%	82%
Berjaya Megamall, Kuantan	92%	93%

For the year under review, the Group’s complexes recorded increases in revenue and generally better occupancy rates. The increase in revenue was primarily derived from new tenancies secured and higher rental rates charged upon renewal. Additional income was also derived from service related activities such as promotional events and exhibitions held at common areas at the complexes and the increase in car park charges by Berjaya Megamall.

Despite stiff competition from new shopping malls in the Klang Valley, the Group’s complexes in the Klang Valley are all strategically located in the Golden Triangle and boasts premier addresses in addition to being easily accessible. The complexes will continue to offer competitive rental rates to maximize occupancy, enhance



Berjaya Megamall, Kuantan, Pahang.

their image by introducing new store concepts and aggressively promoting themselves to further strengthen their presence in the market place. The management will also actively strive to publicise the complexes as choice locations for promotional activities and other crowd pulling events organized by both the public and private sectors.

### PROPERTY DEVELOPMENT

Our land banks in Klang Valley remain the mainstay of our focus for the development of residential properties for the Property Division. During the financial year under review, the Property Division unveiled a number of projects at various strategic locations in and outside the Klang Valley.

During the year and subsequent to the financial year end, the division launched **Savanna** Phase 1, comprising 204 units of condominiums in Bukit Jalil Golf & Country Resort, **Kinrara Mas**, a four storey shop/apartment development project in Taman Kinrara Seksyen 4 and **The Peak**, a low density development with just 88 bungalow lots in the high-end enclave of Taman TAR.



An interior view of Savanna Condominium, Kuala Lumpur.

# chairman's statement and review of operations



The soon to be launched office project in Kuantan, Pahang.

Outside the Klang Valley, more than 70% of the 48 units of bungalows at **Puncak Banang** in Batu Pahat, Johor have been sold to date.

Apart from the new launches, projects previously unveiled were re-introduced to prospective home buyers via weekend site launches, participation in property exhibitions and joint promotions with bankers/financiers. Consistent take up rates have been recorded on the exclusive bungalow land development at **Seputeh Heights** and **Cemerlang Heights** in particular.

Construction work on projects launched during the last financial year namely **Green Avenue** condominiums at Bukit Jalil and **Petaling Indah** condominiums (Block B) along Jalan Sungai Besi have been completed. Green Avenue condominiums were handed over to purchasers in June 2006 whilst the Petaling Indah condominiums will be handed over to purchasers in the coming months.

## PROJECTS COMING ON-STREAM

Among the projects coming on-stream which are targeted to be launched in 2006 and in the forthcoming year include 3- and 3 ½-storey shop offices in **Bukit Jalil Golf & Country Resort**, final phase of **Berjaya**

**Park** in Shah Alam, 12-storey **Cemerlang View Condo** in **Taman Cemerlang**, Gombak and 3-storey shop offices in **Petaling Indah**, Kuala Lumpur.

In the heart of Kuantan town, on 3.5 acres land diagonally opposite Berjaya Megamall, a commercial development comprising 37 units of 3- and 4-storey shop offices will be launched during the current financial year ending 30 April 2007.

**Berjaya Central Park** is a world class 50-storey city centre mixed development comprising of 2 towers of exclusive serviced suites and office units to complement the contemporary lifestyles of urban professionals. Berjaya Central Park is located within Kuala Lumpur's Golden Triangle at the junction of Jalan Sultan Ismail and Jalan Ampang.

A series of sales previews and property exhibitions were held to promote the serviced suites to both local and overseas investors. Packaged with the incentives offered under Malaysia's My 2nd Home and together with the attractive lease-back programmes, the serviced suites had attracted purchasers from Singapore, Indonesia, Thailand, United States, Middle East and United Kingdom.

Berjaya Central Park, Kuala Lumpur.







Household products from Cosway.



Skin care range from Cosway.



Range of supplements from Cosway.



An interior view of a Cosway outlet.

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

### Cosway (M) Sdn Bhd

#### Market Outlook

For the year under review, the property market in the Klang Valley commenced with optimism, consolidated by mid-year and eventually ended on a softer note. The market was saturated with considerable focus on the higher-end residential sector which witnessed the launch of several high-end developments within the vicinity of the Kuala Lumpur city centre.

Property developers are bracing for a challenging year in 2006 amidst concerns of increases in interest rates, petrol prices as well as electricity and water tariffs. Rising land and construction costs are anticipated to further erode developers' profit margins. Nevertheless, given the strong economic fundamentals and stable economic growth projected at 6%, coupled with the country's growing young population, there will still be a steady demand for residential properties located in strategic locations.

On the whole, the residential sector, the bastion of the property market, is expected to increasingly focus on factors such as location, conceptual innovation and branding in their bid to secure higher take-up rates. Developments in established locations, especially landed properties with reasonable pricing, innovative designs, lifestyle facilities and quality workmanship, are anticipated to do well.

Under the current scenario, we are optimistic about the future prospects of the property market and are confident that we will continue to improve on the current year's result moving forward. In line with this and as part of our efforts to expand our current land banks, the Group has acquired parcels of land in Bangkok, Thailand for a proposed mixed development project, in Penang for a proposed residential development venture and in Kuantan, Pahang for a proposed residential and commercial development projects as well as a land reclamation and mixed development project.

For the financial year under review, Cosway group registered a 4% increase in revenue compared to the preceding year. The improved revenue was primarily due to strong revenue growth from its Taiwan operation. However, the group recorded a 14% decrease in operating profit mainly attributed to lower profit from its Malaysian operations arising from higher cost of goods due to rising oil prices and start-up costs from new operations in Australia and Taiwan.

Due to the softer outlook in the direct selling industry in Malaysia, Cosway will continue to look abroad for growth opportunities. A number of new markets have been identified for new business opportunities and at the same time, a rationalization program will be carried out to further streamline its existing international operations.

Cosway Malaysia has expanded its number of sales centres in major shopping malls from 18 to 34 centres to provide more convenience to its members in purchasing the products as well as to create awareness among non-members as the high traffic in the shopping malls also attracts walk-in customers to the sales centres. Having seen the successful introduction of these sales centres in shopping malls, there are plans to open outlets at selective petrol kiosks, in the coming years to further extend its reach to customers.

On the global front, sales generated from its Taiwan operation have been encouraging since its launch in February 2005. The company is confident that the positive results achieved so far will bring and perpetuate long-term gains.

Other new overseas ventures include the establishment of Australia Cosway Value Club in November 2005. Currently there are 3 outlets in Melbourne. The Thailand Cosway Value Club started its operation in October 2005 with 6 outlets to date.



# chairman's statement and review of operations



A range of motorbikes offered by Singer.

The prospects remain good for the coming year as Cosway continues with its marketing strategies to introduce higher margin products, focus on pricing strategy and conduct regular and aggressive promotions.

## Singer (Malaysia) Sdn Bhd

Despite another challenging year, the company managed to achieve higher revenue and pre-tax profit during the financial year under review mainly due to the increase in motorbike sales.

Sales of motorbikes continued to exceed expectations with sales accounting for 37% of the total product sales value. In terms of volume, our flagship product, the sewing machine, remains our best seller.

The formation of the Joint-Venture Dealer schemes with motorbike dealers and other electrical and electronic and furniture dealers in 2003 are starting to bear fruit resulting in the satisfactory performance of all our major product groups. Going forward, the company sees strong potential in the home improvement market and will enter this market to provide instalment facilities to customers to finance their purchase of home products.

During the year, the company participated in various exhibitions and organized awareness-activities to promote Singer's products and strengthen its brand. These include the KL Fashion Week 2005, Women Health & Lifestyle Exhibition 2005, endorsement in Malaysia Book of Records in October 2005 for producing the biggest quilt in Malaysia, 'Timeless Classic' contest in conjunction with Singer's 100th year celebration and Singer Centennial Charity Drive by producing a unique 'Centennial 15

*Class Sewing Machine - Limited Edition*'. The company also hosted the Singer Asia Sewing Marketing Summit 2006 for its counterparts from 14 Asia Pacific countries.

In line with the company's objective to be within easy reach of customers, Singer has developed an efficient call center, 'Hello Singer' to handle customer enquiries and even product ordering where customers can shop at the comfort of their homes.

To enhance the sales of electrical and household products, Singer Malaysia has lined up a series of marketing initiatives which include sales training, exhibitions and external promotions such as 'Purchase with Purchase' offers, free gifts, and zero-interest instalment plans. By forming smart partnerships with the media in organizing events and implementing integrated marketing programs, Singer Malaysia is confident in expanding its customer base and achieving higher growth in the coming financial year.

## Berjaya HVN Sdn Bhd

The group recorded an improved revenue of 6% compared to the previous year due to better performance from the Malaysian retail operations and Singapore's distribution business. However, due to higher licensing fees, the group recorded only a marginal net profit.

In Singapore, business remained challenging with parallel imports from China and its nearby countries. Although revenue had increased by 5% compared to the preceding year, efforts to compete with the parallel-imported products had resulted in lower margins for the company. Meanwhile, the company had increased

its marketing expenses to gain better product publicity and retail shelf spaces, contributing to increased revenue for the year.

In Malaysia, the distribution business recorded a 2% drop in revenue compared to the previous year due to an on-going partnership negotiation which resulted in a reduced number of titles for release during the financial year compared to the previous years. In striving to become the market leader for children's videos, the company signed with Galloping Mind to distribute the "Galloping Mind" video, targeting infants and toddlers and Entertainment Rights to distribute "Fun Song Factory", "Postman Pat" and "Little Red Tractor" series. With



A Singer outlet.



A Video Ezy outlet.



the latest launch of the infants' titles, the company now has a complete range of children titles for infants to 12 year-olds.

The retail business showed improvement of 7% in revenue attributed to aggressive marketing strategies and promotion. However, the biggest challenge facing the retail business is the prevailing video piracy. The company has continuously lobbied for the Government's support to address this issue and with the Government's persistent raiding of pirated video hot-spots, the video industry has benefited from the gradual improvement in sales.

However, due to inflation and a projected decrease in consumer spending, the coming financial year will remain challenging for the video retail and distribution business.

For the current financial year, the company is committed to further aggressively expand its stores to cater to the increasing customers' needs and will be seeking opportunities to further enhance its brand presence and growth.

**Berjaya Roasters (M) Sdn Bhd ("KRR")**, franchise holder for Kenny Rogers Roasters restaurants in Malaysia currently has more than 35 restaurants nationwide. For the financial year ended 30 April 2006, the company recorded an increase of 17% in revenue and achieved a substantial increase in net profit of 75% as compared to previous year mainly attributed to the company's innovative and aggressive marketing and expansion programme to promote its restaurants.

During the year, KRR introduced a variety of new seasonal food products namely *Country Style Fillet*, *Honey BBQ Chicken*, *Oriental Chicken*, *Kenny's Potpourri Spaghetti* and *Kenny's Roast Lamb Meal*. KRR continued to organise various promotional programmes such as SMS Contests and joint promotions with major film distributors to create a strong market presence.

The ROASTERS Chicken Run and ROASTERS Weight Watch, a weight-management programme comprising a healthy diet and exercise programme, which saw great success last year, were reintroduced to reinforce the brand image of healthy dining.

As part of its corporate social responsibility, KRR successfully organised a series of KRR Community Chest campaigns such as "Mini Concert & Raya Feast" for orphans, Fun Day Out for underprivileged children and Wishing Tree – Making Wishes Come True programme for over 800 underprivileged children nationwide.

In line with its mission statement, guiding principles and values, the management has been focusing on staff development to promote teamwork and instil positive values among the staff with the objective to achieve a top quality and effective management in KRR.

## FOOD & BEVERAGES

For the financial year under review, **Berjaya Starbucks Coffee Company Sdn Bhd** recorded 23% increase in revenue mainly attributed to the company's aggressive marketing and expansion programme as well as introduction of new and innovative products.

During the year, the company continued to expand its retail outlets from 62 in the previous year to 68. The company also opened its first outlets in Seremban and Pulau Langkawi to an overwhelming response from the locals.

The popular complimentary WIFI service was also extended to all Starbucks Coffee outlets throughout the country, providing customers with the convenience to get connected to the worldwide web.

To cater to the needs of its customers, during the year, the company introduced a range of innovative beverages including *Crème Brûlée Latte*, *Peppermint Mocha Frappuccino Blended Coffee* and *Cinnamon Streusel Latte*. The introduction of new wholesome sandwiches like the *Triple Decker*, *Nic's Tuna* and *Toasted Filled Panini* has also made Starbucks Coffee the destination of choice for lunch and dinner.



Starbucks Coffee outlet at Berjaya Times Square, Kuala Lumpur.



Kenny Rogers Roasters' outlet.



# chairman's statement and review of operations



Choices of menu from  
Kenny Rogers ROASTERS.

with a commendable 38% increase in revenue in spite of the various economic measures taken by the Government of China to moderate its economic growth, the increasing competition posed by other manufacturers from China and other parts of the world and the extremely volatile prices of metals such as copper, steel and aluminum which formed a substantial cost of the products manufactured by the group.

For the financial year under review, **Roasters Asia Pacific (HK) Ltd. ("RAP")** expanded its horizon and signed a new master development agreement for Karachi, Pakistan. The first KRR outlet in Karachi, Pakistan is expected to commence operations by the last quarter of 2006. Currently there are a total of 104 KRR restaurants operating throughout Asia.

RAP has started to play an active role in Malaysia's franchise industry as currently it is an Exco member of the Malaysian Franchise Association ("MFA") with YBhg. Dato' Mukhriz Tun Mahathir as the Chairman. RAP has represented MFA to present a paper at the 3rd World Franchise Forum 2005 in Bangkok, Thailand and also presented a paper at the Unit Penyelidikan Kualiti Makanan, UKM's Food Service Conference – FoodServe 2005.

Moving forward, RAP is committed to participate in numerous upcoming franchise exhibitions and trade missions which would

further help to build brand awareness in potential overseas markets.

## INDUSTRIAL

### Dunham-Bush (Malaysia) Bhd ("Dunham-Bush")

During the financial year under review, the Dunham-Bush group recorded improved revenue of RM402.4 million compared to RM387.53 million in the previous year. The 3.8% increase in revenue was mainly attributed to higher export sales in line with the global economic growth, in particular the Asian and the surrounding regions. The group recorded a higher pre-tax profit of RM18.1 million compared to RM14.7 million in the previous year mainly due to a favourable product mix achieved and lower provision and write off made during the financial year.

The Asian operations continued to be the main contributor to the group's revenue

For the year under review, the continued aggressive export drive by the group's Malaysian operations, saw another year of double digit growth of its export sales by more than 16% mainly attributed to the various internationally recognized certifications from countries such as USA, Europe and China awarded for its chillers and other HVACR products.

The past two years' growth in revenue coupled with the stabilization of local sales are now leading to the need for expansion of the current factory space to cater for the anticipated growth in exports and local sales. Plans are underway to build additional factory space in the existing land in Kajang, Selangor and an additional factory land adjoining the existing factory in Kajang has been identified for acquisition for the future expansion of production facilities.

The expansion plan of the Group's China operations comprising a new factory/office building occupying a built-up area of



State-of-the-art ARI rated testing facility for packaged chillers at Dunham-Bush's manufacturing plant.



Sheet metal processing line at Dunham-Bush's manufacturing plant.





Taiga Building Products Ltd, Canada.

40,000 square meters, located on its newly-purchased 100,000 square meters property at Laishan Economic Development Zone, Shandong Province, China is expected to significantly enhance Dunham-Bush's presence and production capability in China.

The revenue of the North America and the European regions showed marginal improvement for the financial year under review despite the competitive market conditions.

The global heavy commercial and industrial HVACR market is a very niche market dominated by only a handful of strong global players including our group. The group's ability to manufacture large scale commercial and industrial rotary screw compressor type chillers which are efficient and require lower maintenance costs has provided the group the competitive edge

in the market. The group will continue to focus on the global niche markets in the areas of high tonnage HVAC chiller products supplemented by its related products, as well as marketing HVAC system-in-total with its patented thermal storage energy-cost-savings Ice-Cell products. The short term prospect of the group's revenue and profitability will remain steady and expected to grow in line with the current availability of the group's production facilities and financial resources.

The group will continue to focus on research and development to improve efficiency and reliability of its existing product lines and to introduce new and innovative products for the demanding global market. Among the group's priorities for the current year are the continuous training and upgrading of the employees' skills, knowledge and expertise as well as cost reduction efforts.

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

For the financial year ended 31 March 2006, Taiga recorded 11.4% drop in revenue from C\$1.330 billion to C\$1.179 billion mainly attributed to lower product prices. The decrease in revenue also reflects the management's intention to focus more on profitability rather than revenue expansion. Operating gross margin improved from 8.2% to 9.2% mainly driven by focused sales effort in expanding the distribution of higher margin products.

Moving forward, the company is now focused on the single objective of achieving greater profitability via four key areas namely a 3-year strategy in expanding and strengthening the company to the next level

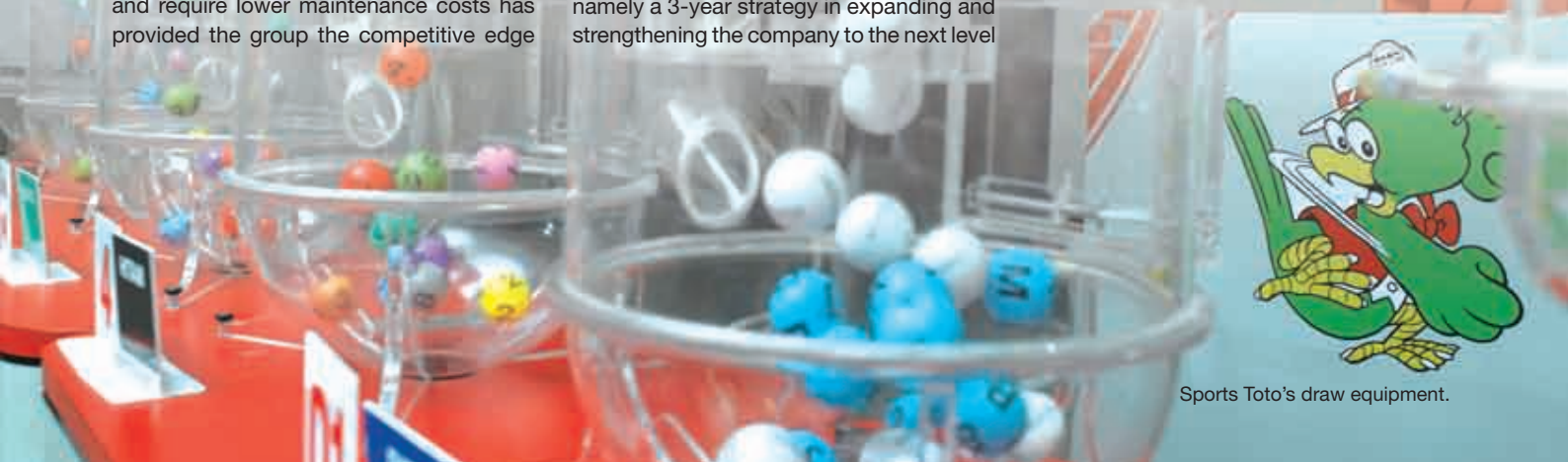
of growth, strengthening its business model through better integration of markets and products diversity, expanding its market share and improving information in areas of product and customer profitability.

## GAMING AND LOTTERY MANAGEMENT

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

For the financial year under review, the BToto group recorded a revenue of RM2.94 billion, an increase of 10.0% compared to RM2.67 billion in the previous financial year. The increase in revenue was mainly attributed to its subsidiary, Sports Toto Malaysia Sdn Bhd ("Sports Toto") having two additional draws in the financial year under review, strong sales from the Super 6/49 game which recorded its highest ever Jackpot of RM15.9 million in May 2005 and seven months' contribution from sales of the 4 Digit *1-Perm* game which was launched in September 2005. Group pre-tax profit increased 17.3% from RM487.5 million in the previous year to RM571.9 million due to the improved performance of Sports Toto and gain on disposal of the company's Irredeemable Convertible Unsecured Loan Stocks that was previously acquired by one of its wholly-owned subsidiary companies. In addition to the improved performance, the write back of overprovision in taxation in prior years also resulted in the increase in profit attributable to shareholders by 41.5% from last year.

In Malaysia, Sports Toto recorded a revenue of RM2.89 billion, an increase of 9.89% from the previous year's revenue of RM2.63 billion. Pre-tax profit increased by 10.14% to RM541.5 million compared to RM491.63 million in the previous financial year.



Sports Toto's draw equipment.

# chairman's statement and review of operations



Berjaya Retail Sdn Bhd markets three fashion labels - Motivi, Caractere and Oxbow in Malaysia.



Punters buying tickets at a Sports Toto outlet.

During the year, the company achieved an important milestone to become the leading Number Forecast Operator in Malaysia in terms of total revenue.

In the Philippines, Prime Gaming Philippines Inc. ("PGPI") reported a revenue of Peso 605.4 million, an increase of 46.2% from the previous year's revenue of Peso 414.1 million. Pre-tax profit increased by 64.5% to Peso 365.3 million compared to Peso 222.0 million in the previous financial year mainly due to the higher revenue achieved by its wholly-owned subsidiary, Philippine Gaming Management Corporation ("PGMC").

PGMC recorded a revenue of Peso 605.4 million, an increase of 46.2% compared to Peso 414.1 million achieved in the previous financial year. Pre-tax profit increased by 54.5% to Peso 333.7 million this year as a result of the higher revenue recorded.

There are a total of 6 games being offered namely Lotto 6/42, Megalotto 6/45, Superlotto 6/49, 4-Digit, 6-Digit and EZ 2, through more than 1,700 terminals installed in over 1,300 outlets in Luzon Island.

In USA, International Lottery & Totalizator Systems, Inc. ("ILTS") posted a lower revenue of USD3.44 million compared to USD9.67 million in the previous financial year and a net loss of USD2.34 million compared to the previous year's net loss of USD1.76 million. This was mainly due to lower contract revenues secured as well as lower demand for spare parts compared to the previous year.

Sports Toto continues to operate in an environment which is highly regulated by the relevant Ministry in Malaysia. Given this regulatory framework and with good governance practices, the company will seek to capitalize on any increase in discretionary consumer spending to drive its business forward. With its extensive network of outlets, the broad variety of games offered and the conversion to a new on-line system that was completed in July 2004, the company is well positioned to take advantage of any such upward moves.

Among the Group's new businesses that have been in operations for the past year include **Berjaya Retail Sdn Bhd** and **Berjaya Books Sdn Bhd**.

Berjaya Retail Sdn Bhd introduced three reputable fashion labels to the Malaysian market - Motivi and Caractere from Italy and Oxbow from France in April 2005. It currently operates 7 retail boutiques in Berjaya Times Square, KLCC and 1-Utama Shopping Centre and plans to open more boutiques within and outside the Klang Valley in the coming year.

Berjaya Books Sdn Bhd operates Borders bookstores in Malaysia through a franchise arrangement with Borders Group Inc., a leading global retailer of books, music and movies. The first and largest Borders bookstore in Malaysia, which is also the first franchised Borders bookstore in the world, occupying 60,000 sq. ft. was opened at Berjaya Times Square Kuala Lumpur on 19 April 2005. The second Borders bookstore was opened on 1 December 2005 at The Curve in Mutiara Damansara and the third Borders bookstore is scheduled to open in December 2006 in Queensbay Mall, Penang.

## STRATEGY FOR THE FUTURE AND PROSPECTS

The Group's consumer marketing and direct selling business which has established its position in the personal care, household and healthcare segment through Cosway Malaysia is a major player with a large membership base and wide distribution network here in Malaysia and abroad. Aggressive marketing plans including expansion of its sales centres in major

shopping complexes in the country and penetration in overseas markets in Taiwan and Australia will further contribute to the future growth of Cosway.

The Group's hotels and resorts division continue to show positive growth in occupancy rates following enhanced sales efforts, innovative marketing strategies and aggressive promotional activities. In



Motivi boutique at Berjaya Times Square, Kuala Lumpur.



Borders' bookstore at Berjaya Times Square, Kuala Lumpur.



Berjaya Hills' Villa.



the coming months and all through next year, our domestic hotels and resorts will actively participate in the Visit Malaysia Year 2007 activities and are poised to benefit from the higher inflow of tourists. We will continue to focus on strengthening our marketing position, improving operational competitiveness, upgrading our properties and setting higher benchmarks for service standards, all of which form essential components in maintaining a competitive edge.

Meanwhile, the timeshare vacation ownership market is expected to slowdown due to the maturity stage of the industry. BVC, a leading timeshare operator in the region will be streamlining its staff force into a leaner structure in a move that will increase the efficiency and effectiveness of its operations. Our focus will now be on staff productivity and achieving top quality staff force to further compete in the market. Intensive on-going staff training

and retraining will be organized for the staff to further strengthen their capabilities and performances.

The future outlook for the property development division remains positive. With a wide product range that caters to all segments of the residential market, the division's diversification strategy has resulted in a wider market segment and making it possible to cross sell and enable the different components to feed on one another. Berjaya Hills, which has a land bank of 16,000 acres has a huge development potential and is expected to contribute positively to the Group in the future years.

Our food and beverage franchise businesses namely Berjaya Starbucks Coffee and Kenny Rogers Roasters have strong brand names and market presence and would continue with their aggressive expansion programme to further penetrate the market.

Despite the highly regulated framework of the gaming industry in the country, the potential for growth in the Number Forecast Operator industry remains strong as it is closely linked to consumer spending patterns and sentiments. With Sport Toto's strong brand presence, extensive network of outlets and the broad variety of games offered, opportunities exist for the company to achieve further market penetration and tap the industry's revenue growth potential.

With the completion of the Group's restructuring exercise, the Group is now positioned on a stronger footing that will set a foundation for future growth and expansion. With strong brand names, innovative marketing and expansion programme, I believe the Group's businesses will improve in the coming year to achieve further market penetration and tap on the economic growth. Furthermore, the implementation of the projects earmarked under the Ninth Malaysia Plan and the various efforts taken by the Government to help stimulate economic activities would augur well for the Group's businesses and prospects.

Barring any unforeseen circumstances, I anticipate that the Group's performance for the forthcoming financial year ending 30 April 2007 will improve.

## APPRECIATION

I would like to take this opportunity to thank the management and staff, our customers and suppliers for their loyalty, dedication and commitment to the Group. I would also like to thank our business partners, regulatory authorities and financiers for their continued support and co-operation. To all our shareholders, I would like to express my deepest appreciation and gratitude for their patience, understanding and undivided support in the past year.

## TAN SRI DATO' SERI VINCENT TAN CHEE YOUN

Chairman/Chief Executive Officer  
30 August 2006



Berjaya Times Square Hotel & Convention Center, Kuala Lumpur.



Colmar Tropicale, Berjaya Hills, Pahang.



**100% BERJAYA GROUP BERHAD**

**Industrial**

- 51% FINWOOD FOREST PRODUCTS SDN BHD
- 100% BERJAYA BANDARTEX SDN BHD
- 100% BERJAYA KNITEX SDN BHD
- 100% BERJAYA SOUTEX SDN BHD
- 56.8% DUNHAM-BUSH (MALAYSIA) BHD
- 100% DUNHAM-BUSH INDUSTRIES SDN BHD
- 85.4% DUNHAM-BUSH TOPAIRE SDN BHD
- 100% TOPGROUP POLACEL SDN BHD
- 86.5% ANEMOSTAT TOPGROUP SDN BHD
- 100% DUNHAM-BUSH PARTS & SERVICES SDN BHD
- 100% DUNHAM-BUSH SALES & SERVICES SDN BHD
- 60% TOPAIRE SALES & SERVICES SDN BHD
- 80% TOPGROUP M&E SERVICE SDN BHD
- 70% TOPGROUP PARTS & SERVICES (KUANTAN) SDN BHD
- 100% DUNHAM-BUSH INTERNATIONAL PTE LIMITED, SINGAPORE
- 100% DUNHAM-BUSH SALES & SERVICES (S) PTE LIMITED, SINGAPORE
- 100% DUNHAM-BUSH INTERNATIONAL (EUROPE) B.V., THE NETHERLANDS
- 55% DUNHAM-BUSH YANTAI CO LIMITED, THE PEOPLE'S REPUBLIC OF CHINA
- 55% HARTFORD COMPRESSORS YANTAI CO. LTD, CHINA
- 100% DUNHAM-BUSH INTERNATIONAL (CAYMAN) LIMITED, CAYMAN ISLANDS
- 100% DUNHAM-BUSH INC, USA
- 100% HARTFORD COMPRESSORS INC, USA
- 74.9% DUNHAM-BUSH (EUROPE) PLC, UNITED KINGDOM
- 100% DUNHAM-BUSH LIMITED, UNITED KINGDOM

**Consumer Marketing & Direct Selling**

- 74.4% COSWAY CORPORATION BERHAD
- 100% SINGER (MALAYSIA) SDN BHD
- 63.7% BERJAYA HVN SDN BHD
- 100% DIRECT VISION SDN BHD
- 100% BERJAYA HVN (S) PTE LTD
- 100% COSWAY (M) SDN BHD
- 100% COSWAY (CAYMAN) LIMITED
- 95% COSWAY PHILIPPINES, INC
- 74% COSWAY THAILAND CO. LTD
- 60% ECOSWAY.COM SDN BHD
- 100% COSWAY VALUE CLUB (AUSTRALIA) PTY LTD
- 82% KIMIA SUCHI SDN BHD
- 100% KIMIA SUCHI MARKETING SDN BHD

**Investment Holding & Others**

- 100% BERJAYA ENGINEERING & CONSTRUCTION (HK) LIMITED
- 100% BERJAYA GROUP (CAYMAN) LIMITED
- 49.4% BERJAYA HOLDINGS (HK)LIMITED
- 39.3% TAIGA BUILDING PRODUCTS LTD, CANADA
- 100% BERJAYA REGISTRATION SERVICES SDN BHD
- 60% SUCCESSLINE (M) SDN BHD
- 100% SECUREXPRESS SERVICES SDN BHD
- 60% KUB - BERJAYA ENVIRO SDN BHD
- 70% COUNTRY FARMS SDN BHD
- 60% COUNTRY FARM ORGANICS MART PTE LTD
- 100% BERJAYA BOOKS SDN BHD
- 100% BERJAYA RETAIL SDN BHD
- 70% INTER-PACIFIC TRADING SDN BHD
- 100% BERJAYA LEISURE CAPITAL (CAYMAN) LIMITED
- 29.1% INFORMATICS EDUCATION LTD, SINGAPORE

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

- 100% BERJAYA HILLS BERHAD (f.k.a. Bukit Tinggi Resort Berhad)
- 100% BERJAYA ROASTERS (M) SDN BHD
- 50.1% BERJAYA STARBUCKS COFFEE COMPANY (M) SDN BHD
- 66.5% BERJAYA LAND BERHAD
- 100% ROASTERS ASIA PACIFIC (HK) LIMITED
- 66.5% ROADHOUSE GRILL, INC, USA
- 100% BERJAYA VACATION CLUB BERHAD
- 100% BERJAYA VACATION CLUB (CAYMAN) LIMITED  
\*Berjaya Eden Park Hotel, London, UK
- 100% BERJAYA VACATION CLUB (UK) LIMITED
- 99.4% BERJAYA REDANG BEACH RESORT SDN BHD  
\*Berjaya Redang Spa Resort, Terengganu  
\*Berjaya Redang Beach Resort, Terengganu
- 100% BERJAYA LANGKAWI BEACH RESORT SDN BHD  
\*Berjaya Langkawi Beach & Spa Resort, Kedah
- 100% BERJAYA RESORT (SABAH) SDN BHD  
\*Berjaya Palace Hotel, Kota Kinabalu, Sabah
- 100% BERJAYA MAHE BEACH RESORT LIMITED  
\*Berjaya Mahe Beach Resort, Seychelles
- 100% BERJAYA BEAU VALLON BAY BEACH RESORT LIMITED  
\*Berjaya Beau Vallon Bay Beach Resort & Casino, Seychelles
- 100% ANSE VOLBERT HOTEL LIMITED  
\*Berjaya Praslin Beach Resort, Seychelles
- 100% BERJAYA GEORGETOWN HOTEL (PENANG) SDN BHD  
\*Berjaya Georgetown Hotel, Penang
- 100% SINAR MERDU SDN BHD  
\*KL Court & KL Heights, KL
- 100% BUKIT KIARA RESORT BERHAD  
\*Bukit Kiara Equestrian & Country Resort, KL
- 99.3% BERJAYA AIR SDN BHD
- 51% KDE RECREATION BERHAD  
\*Kelab Darul Ehsan, Selangor
- 80% STAFFIELD COUNTRY RESORT BERHAD  
\* Stafffield Country Resort, Negeri Sembilan
- 100% BERJAYA VACATION CLUB (S) PTE LTD  
\* Berjaya Hotel, Singapore
- 100% BERJAYA GOLF RESORT BERHAD  
\* Bukit Jalil Golf & Country Resort, KL  
\* Arena Green Apartments, KL  
\* Greenfields Apartments, KL  
\* Green Avenue Condominiums, KL  
\* Savanna Condominiums, KL
- 100% INDAH CORPORATION BERHAD  
\* Bukit Banang Golf & Country Club, Batu Pahat, Johor
- 100% DIAN KRISTAL SDN BHD  
\* Berjaya Times Square Hotel and Convention Center, KL

# corporate structure

of main operating companies as at 30 August 2006

Vacation Time-share, Hotels, Resorts & Recreation

Property Investment & Development

Gaming & Lottery Management

Financial Services

PROPERTY DEVELOPMENT

- 100% RANGKAIAN SEJAHTERA SDN BHD
- 100% BERJAYACITY SDN BHD
- 100% WANGSA TEGAP SDN BHD
  - \* Berjaya Central Park, KL
- 100% BUKIT PINANG LEISURE SDN BHD
- 100% AVETANI SDN BHD

- ‡ 47.8% BERJAYA SPORTS TOTO BERHAD
  - 100% SPORTS TOTO MALAYSIA SDN BHD
  - 100% BERJAYA SPORTS TOTO (CAYMAN) LIMITED
  - 83.7% BERJAYA LOTTERY MANAGEMENT (HK) LIMITED
  - 70% PRIME GAMING PHILIPPINES, INC
  - 100% PHILIPPINE GAMING MANAGEMENT CORPORATION
  - 71.4% INTERNATIONAL LOTTERY & TOTALIZATOR SYSTEMS, INC, USA
- ‡ 100% BERJAYA INTERNATIONAL CASINO MANAGEMENT (SEYCHELLES) LIMITED

- ‡ 61.8% BERJAYA CAPITAL BERHAD
  - 91.5% INTER-PACIFIC CAPITAL SDN BHD
  - 100% INTER-PACIFIC SECURITIES SDN BHD
  - 100% INTER-PACIFIC FUTURES SDN BHD
  - 100% BERJAYA GENERAL INSURANCE BERHAD
  - 100% PRIME CREDIT LEASING SDN BHD
  - 40% FIRST TAZ MONEY BROKERS SDN BHD

- 80% TIOMAN ISLAND RESORT BERHAD
  - \* Berjaya Tioman Beach, Golf & Spa Resort, Pahang
- 100% BERJAYA HOTELS & RESORT (MAURITIUS) LIMITED
  - \* Berjaya Le Morne Beach Resort & Casino, Mauritius
- 100% BERJAYA CASINO LIMITED
- 70% TIOMAN PEARL SDN BHD

- 100% BERJAYA LAND DEVELOPMENT SDN BHD
  - \* Klang Lama Business Park, KL
  - \* Gemilang Indah Apartments, KL
  - \* Medan Indah, Kota Tinggi, Johor
  - \* Taman UPC, Ayer Hitam, Johor
  - \* Bandar Banang Jaya, Batu Pahat, Johor
  - \* Robson Condominiums, KL
- 100% SELAT MAKMUR SDN BHD
  - \* Subang Heights, Shah Alam, Selangor
  - \* Seputeh Heights, KL
- 100% INDRA EHSAN SDN BHD
  - \* Taman Cemerlang, Gombak, Selangor
- 100% SRI PANGLI MA SDN BHD
  - \* Taman Kinrara IV, Puchong, KL
- 100% GEMILANG CERGAS SDN BHD
  - \* Pines Condominiums, KL
- 100% SECURISERVICES SDN BHD
  - \* Petaling Indah Condominiums, KL
- 70% CERAH BAKTI SDN BHD
  - \* Menara Greenview, Pulau Pinang
  - \* Desa University, Pulau Pinang
- 52.6% AMAT MUHIBAH SDN BHD
  - \* Desa WaterPark, KL
- 100% KLASIK MEWAH SDN BHD
  - \* Sri Indah Court, Johor Bahru
- 100% SEMANGAT CERGAS SDN BHD
  - \* Ixora Apartments, KL
- 100% TIRAM JAYA SDN BHD
  - \* Sri Pelangi Apartments/Condominiums, KL
- 80% PAKAR ANGSANA SDN BHD
  - \* Berjaya Park, Shah Alam, Selangor
- 100% B.T. PROPERTIES SDN BHD
  - \* Kim's Park Business Centre, Batu Pahat, Johor
- 100% BERJAYA PROPERTY MANAGEMENT SDN BHD
  - 100% TAMAN TAR DEVELOPMENT SDN BHD
    - \* The Peak, Taman TAR, Ampang, Selangor
- ‡ 16.8% MATRIX INTERNATIONAL BERHAD
- 100% BERJAYA TIMES SQUARE SDN BHD

- 65% NATURAL AVENUE SDN BHD
- PROPERTY INVESTMENT**
- 100% CEMPAKA PROPERTIES SDN BHD
    - \* Berjaya Megamall, Kuantan, Pahang
  - 100% KOTA RAYA DEVELOPMENT SDN BHD
    - \* Kota Raya Complex, KL
  - 100% NURAL ENTERPRISE SDN BHD
    - \* Plaza Berjaya, KL
  - 100% NOBLE CIRCLE (M) SDN BHD
    - \* KL Plaza, KL
    - \* Menara Berjaya, KL
  - 100% STEPHEN PROPERTIES SDN BHD
    - \* Wisma Cosway, KL

■ LISTED COMPANIES  
‡ COMBINED INTEREST

# group financial summary

Description	2006 US\$'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000
Revenue	752,042	2,726,154	2,934,556	5,586,876	7,196,582	8,241,507	7,723,803	7,799,217
Profit/(Loss) Before Taxation	(137,401)	(498,080)	371,021	188,743	(163,456)	(360,070)	(321,533)	(96,033)
Profit/(Loss) After Taxation	(167,114)	(605,790)	230,005	(12,524)	(332,138)	(560,285)	(488,477)	(378,137)
Profit/(Loss) Attributable To Shareholders	(183,007)	(663,402)	151,209	(169,331)	(461,668)	(652,846)	(593,250)	(570,839)
Share Capital #	512,751	1,858,722	299,635	299,634	299,634	299,634	299,634	299,503
Equity Component of ICULS	405,991	1,471,719	422,095	422,097	422,097	-	-	-
Reserves #	(187,502)	(679,693)	(229,537)	(413,953)	(206,264)	559,839	1,181,841	1,812,908
Equity Funds	731,241	2,650,748	492,193	307,778	515,467	859,473	1,481,475	2,112,411
Minority Interests	329,102	1,192,996	2,428,998	2,342,671	2,304,446	2,465,706	2,296,217	2,250,118
Capital Funds	1,060,343	3,843,744	2,921,191	2,650,449	2,819,913	3,325,179	3,777,692	4,362,529
ICULS	240,845	873,062	432,874	586,995	640,298	1,326,913	1,376,254	1,404,207
Insurance Reserves	23,670	85,805	70,469	66,743	72,240	51,118	39,584	30,062
Long Term Liabilities	557,322	2,020,292	2,726,968	3,863,122	4,161,042	2,781,429	2,758,862	2,806,245
Current Liabilities	1,002,052	3,632,438	3,409,054	2,586,763	3,278,355	3,957,368	4,004,195	4,135,252
	2,884,232	10,455,341	9,560,556	9,754,072	10,971,848	11,442,007	11,956,587	12,738,295
Property, Plant & Equipment	645,634	2,340,425	1,980,165	2,173,058	2,538,764	2,760,040	2,840,928	2,776,229
Intangible Assets	141,455	512,776	975,039	1,149,048	1,359,676	2,442,240	2,416,825	2,467,114
Investments & Long Term Receivables	1,195,938	4,335,276	3,799,088	3,761,309	3,459,396	2,247,720	2,662,972	2,682,382
Current Assets	901,205	3,266,864	2,806,264	2,670,657	3,614,012	3,992,007	4,035,862	4,812,570
Total Assets	2,884,232	10,455,341	9,560,556	9,754,072	10,971,848	11,442,007	11,956,587	12,738,295
Net Assets/(Liabilities)Per Share (US\$/RM) ^	0.17	0.63	0.23	(0.38)	0.31	2.87	4.94	7.05
Net Earnings/(Loss) Per Share (Cents/Sen) ^	(18.46)	(66.90)	0.50	(0.57)	(1.54)	(2.18)	(1.98)	(1.91)
Dividend Rate (%) ^	-	-	-	-	-	-	-	5.00
Net Dividend Amount (RM'000)	-	-	-	-	-	-	-	10,787

## Note:

Figures for 1996 - 2006 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=RM3.625

† Tax exempt dividend

# In applying the merger method of accounting, comparative figures in the consolidated financial statements are restated as if the issue of shares for the acquisition of Berjaya Group Berhad had taken place as at the earliest date presented.

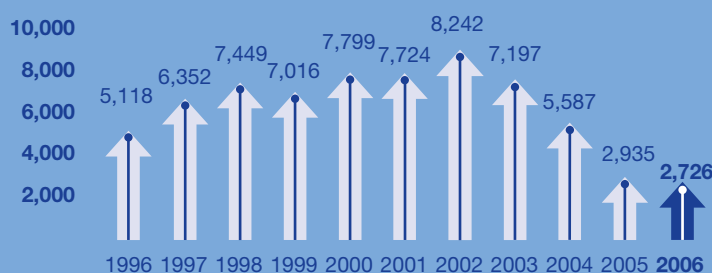
^ The comparative figures have been restated as a result of the restatement of share capital upon applying the merger method of accounting.



# group financial highlights

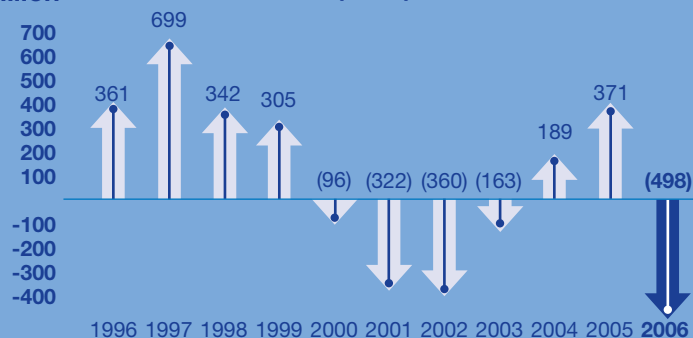
## Revenue

RM Million



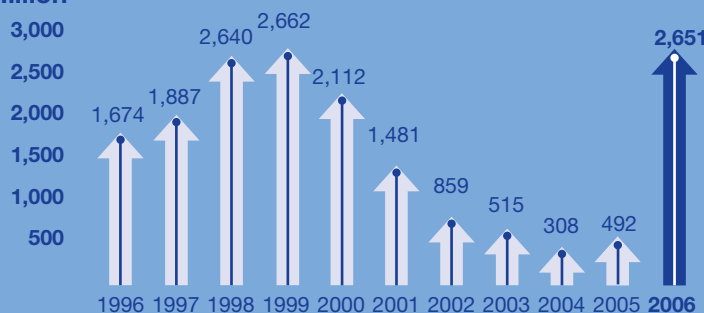
## Profit/(Loss) Before Tax

RM Million



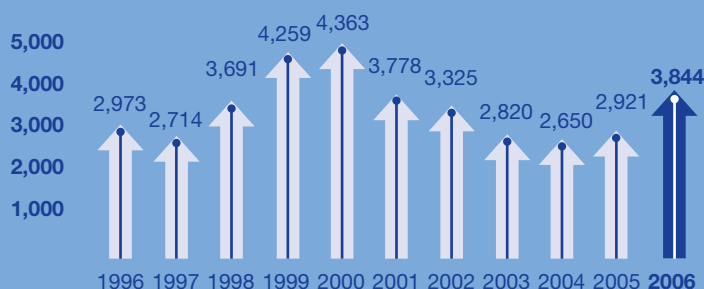
## Equity Funds

RM Million



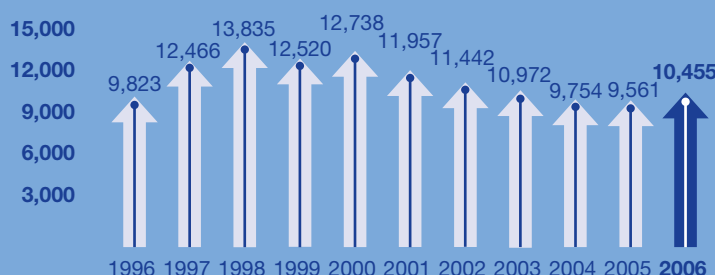
## Capital Funds

RM Million



## Total Assets

RM Million



1999	1998	1997	1996
RM'000	RM'000	RM'000	RM'000
7,015,774	7,449,109	6,351,690	5,117,809
304,759	342,384	699,020	360,767
277,780	23,354	498,037	223,989
(109,851)	4,738	223,638	69,951
255,386	243,152	175,443	169,581
-	-	-	-
2,406,967	2,397,022	1,711,682	1,504,384
2,662,353	2,640,174	1,887,125	1,673,965
1,596,381	1,050,388	827,150	1,298,636
4,258,734	3,690,562	2,714,275	2,972,601
18,292	140,699	807,984	49,709
41,770	955,969	822,121	653,075
3,953,364	3,827,552	2,747,033	1,736,771
4,248,261	5,219,784	5,374,092	4,410,481
12,520,421	13,834,566	12,465,505	9,822,637
2,701,328	2,468,317	1,888,518	1,744,561
2,630,061	2,812,364	2,535,334	1,016,178
2,942,461	2,538,659	2,337,279	2,337,054
4,246,571	6,015,226	5,704,374	4,724,844
12,520,421	13,834,566	12,465,505	9,822,637
10.42	10.86	10.76	9.87
(0.43)	0.02	1.27	0.41
15.00	12.26	60.01	48.61
38,308 †	21,466	75,808	59,354

# audit committee report

The Board of Directors of Berjaya Corporation Berhad (“BCorp”) is pleased to present the report of the Audit Committee for the financial year ended 30 April 2006.

During the financial year under review, Berjaya Group Berhad (“BGroup”) has completed its restructuring exercise, which included inter-alia, the transfer of the listing status of BGroup to BCorp (“Restructuring Exercise”), as described on page 59 of this Annual Report. All the members of the Audit Committee of BGroup then were appointed to the Audit Committee of BCorp. Therefore, this report has incorporated the pertinent information on the activities of the Audit Committee of both BGroup and BCorp for year ended 30 April 2006.

## MEMBERS AND MEETINGS ATTENDANCES

The members of the Audit Committee of BCorp are as follows:-

### **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 Md Yusoff @ Mohd Yusoff Bin Jaafar**

*Independent Non-Executive Director*

The Audit Committee held seven (7) meetings during the financial year ended 30 April 2006. The details of attendance of the Audit Committee members are as follows:-

<b>Director</b>	<b>Audit Committee of BGroup Attendance</b>	<b>Audit Committee of BCorp Attendance</b>
Dato’ Suleiman bin Mohd Noor	4/4	3/3
Tan Sri Datuk Abdul Rahim bin Haji Din	3/4	2/3
Datuk Robert Yong Kuen Loke	4/4	3/3
Dato’ Hj Md Yusoff @ Mohd Yusoff Bin Jaafar	4/4	3/3

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

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities undertaken by the Audit Committee of BGroup and BCorp during the financial year ended 30 April 2006 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 were adequately addressed by management;
5. Reviewed the circular to shareholders in connection with the recurrent related party transactions.
6. Reported to the Board on its activities and significant findings and results.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group has an established Internal Audit Division 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 with applicable laws, regulations, directives and other externally enforced compliance requirements.

For the financial year ended 30 April 2006, the Internal Audit department issued five (5) Audit Reports while nine (9) audit assignments were in progress as at the financial year-end. The audits were conducted on various operating units in the Group involved in textile manufacturing operations, resort and club operations, plantation, courier services, share registration and mailing services, lifestyle restaurants and franchising business, vehicle distribution, sales of parts and workshop services.

Internal Audit reports, incorporating audit recommendations and management responses with regard to audit findings on 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 Division also followed up with the 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 possess such other qualifications and/or experience as approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

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;



# audit committee report

- 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 the Listing Requirements of Bursa Securities, 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 Bursa Securities.

# statement on corporate governance

The Board of Directors (“Board”) of Berjaya Corporation Berhad (“BCorp”) recognises the importance of corporate governance and is committed in ensuring that the Group carries out its business operations within the high standards of corporate governance as set out in the Malaysian Code on Corporate Governance (“Code”).

During the financial year under review, Berjaya Group Berhad (“BGroup”) has completed its restructuring exercise, which included inter-alia, the transfer of the listing status of BGroup to BCorp (“Restructuring Exercise”), as described on page 59 of this Annual Report. All the Directors of BGroup then were appointed to the Board of BCorp. Therefore, this statement has incorporated the application of the corporate governance practices by both BGroup and BCorp for year ended 30 April 2006.

The statement below sets out how the Group has applied the key principles of the Code and the extent of its compliance with the best practices throughout the financial year ended 30 April 2006.

## (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 2006, 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:-

Director	Board of Directors	
	of BGroup Attendance	of BCorp Attendance
Tan Sri Dato’ Seri Vincent Tan Chee Yioun	2/3	1/2
Tan Sri Dato’ Tan Chee Sing	2/3	1/2
Datuk Robert Yong Kuen Loke	3/3	2/2
Chan Kien Sing	3/3	2/2
Freddie Pang Hock Cheng	3/3	2/2
Rayvin Tan Yeong Sheik	2/3	2/2
Vivienne Cheng Chi Fan	3/3	2/2
Dato’ Azlan Meah bin Hj Ahmed Meah	3/3	1/2
Dato’ Mohd Annuar bin Zaini #	1/3	2/2
Tan Sri Datuk Abdul Rahim bin Haji Din #	2/3	1/2
Dato’ Suleiman bin Mohd Noor #	3/3	2/2
Dato’ Hj Md Yusoff @ Mohd Yusoff bin Jaafar #	3/3	2/2
Mohd Zain bin Ahmad #	3/3	2/2

# Denotes Independent Non-Executive Director

### (ii) Board Composition

The Board currently has fourteen (14) members comprising:-

- The Chief Executive Officer/Chairman
- Seven (7) Executive Directors
- Five (5) Independent Non-Executive Directors
- One (1) Non-Independent Non-Executive Director

The above is inclusive of Y.M. Tunku Datin Noor Hayati Binti Tunku Abdul Rahman Putra who was appointed as an Executive Director of the Company subsequent to the financial year end.

The Board members’ varied skills and breadth of experience are important for an effective management of the Group’s diversified business. A brief profile of each Director is presented on pages 3 to 10 of this 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 recognises 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 have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers include reports on the Group’s financial, operational and corporate developments and proposals.

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

# statement on corporate governance

## (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' 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 the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. All the relevant Directors save for Tan Sri Dato' Seri Vincent Tan Chee YOUNG have also attended seminars and courses under the Continuing Education Programmes ("CEP") pursuant to the listing requirements of Bursa Securities.

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

During the financial year ended 30 April 2006, the Directors had attended a special briefing on the Updates of Financial Reporting Standards and Goods & Services Tax conducted by Ernst & Young.

## (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 YOUNG  
*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 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 2006 are as follows:-

	← RM'000 →				
	Salaries and other				
	Fees	Benefits- in-kind	emoluments	Bonus	Total
Executive	-	257	965	74	1,296
Non-Executive	125	23	13	-	161
	<b>125</b>	<b>280</b>	<b>978</b>	<b>74</b>	<b>*1,457</b>



\*The aggregate remuneration from the Group of RM1.457 million is inclusive of remuneration paid or payable to the Directors by the Company (including BGroup) and its three (3) listed subsidiaries, as follows:-

	RM'000
Berjaya Corporation Berhad	484
Berjaya Land Berhad	588
Berjaya Capital Berhad	116
Cosway Corporation Berhad	269
	<u>1,457</u>

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	1	4
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	3	-
RM200,001 - RM250,000	1	-
RM350,001 - RM400,000	1	-
	<u>7</u>	<u>5</u>

## (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) where shareholders as well as members of the public can 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 gives 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.

# statement on corporate governance

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 39 and 40 of this 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) DEVIATIONS FROM BEST PRACTICES

**Best Practices 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 Corporation Berhad ('BCorp' 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 completely 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 seven main divisions:

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

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 sit at 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.

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 BCorp. 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.

The external auditors form an opinion on the financial statements of the Group based on their annual statutory audit. 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.

The Board reviews the minutes of the meetings of the Audit Committee. The Report of the Audit Committee is set out on pages 32 to 34 of this Annual Report.



# statement on internal control

## 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 BCorp'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. 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

For the financial year ended 30 April 2006, the RMC held two meetings where it reviewed the overall risk management framework and established the Risk Management Working Committee that will monitor the implementation of Risk Management policy within the BCorp's Group of unlisted subsidiary companies. The RMC also evaluated the adequacy of risk management activities of two unlisted operating subsidiary companies and recommended certain measures to be adopted to reduce their business risk exposure.

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.