



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

برجاي كورپوريشن برحد
成功集團有限公司

**ANNUAL
REPORT
2013**





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

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

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Berjaya Beau Vallon Bay Resort & Casino - Seychelles.



Lang Toi Restaurant - Long Beach Resort Phu Quoc, Vietnam.



Ocean Front Suite, The Taaras Beach and Spa Resort, Redang Island, Terengganu.

CORPORATE PROFILE

The Berjaya Corporation group of companies' history dates back to 1984 when the Founder, Tan Sri Dato' Seri Vincent Tan Chee Yioun acquired a major controlling stake in Berjaya Industrial Berhad (originally known as Berjaya Kawat Berhad and now known as Reka Pacific Berhad) from the founders, The Broken Hill Proprietary Company Limited, Australia and National Iron & Steel Mills Limited, Singapore. The shareholding change also resulted in a major change in the business, direction and the dynamic growth of a diversified conglomerate under the flagship of Berjaya Corporation Berhad ("BCorp").

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

BCorp assumed the listing status of Berjaya Group Berhad on the Main Market of Bursa Securities upon the completion of the group restructuring exercise in October 2005 and the listing of the new shares on 3 January 2006.

BCorp is currently a constituent stock of the Morgan Stanley Capital International (MSCI) Global Small Cap Indices : MSCI Malaysia INDEX.

With a total employee strength of 16,000, the Group is a diversified entity engaged in the following core businesses:

- Consumer Marketing, Direct Selling & Retail;
- Financial Services;
- Hotels, Resorts, Vacation Timeshare & Recreation Development;
- Property Investment and Development;
- Gaming and Lottery Management;
- Environmental Services and Clean Technology Investment;
- Motor Trading and Distribution;
- Food & Beverage;
- Investment Holding and others.



Menara Bangkok Bank @ Berjaya Central Park, Kuala Lumpur.



Mazda CX-5.



Cosway's range of healthcare products.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman/Chief Executive Officer

Dato' Robin Tan Yeong Ching

Executive Directors

Chan Kien Sing

Freddie Pang Hock Cheng

Rayvin Tan Yeong Sheik

Vivienne Cheng Chi Fan

Dato' Azlan Meah Bin Hj Ahmed Meah

Dato' Zurainah Binti Musa

Non-Independent Non-Executive

Dato' Dickson Tan Yong Loong

Independent Non-Executive Directors

Tan Sri Datuk Abdul Rahim Bin Haji Din

Dato' Hj Md Yusoff @ Mohd Yusoff

Bin Jaafar

Datuk Robert Yong Kuen Loke

Mohd Zain Bin Ahmad

Dr Jayanthi Naidu A/P G.Danasamy

AUDIT COMMITTEE

Chairman/Independent

Non-Executive Director

Tan Sri Datuk Abdul Rahim Bin Haji Din

Independent Non-Executive Directors

Dato' Hj Md Yusoff @ Mohd Yusoff

Bin Jaafar

Datuk Robert Yong Kuen Loke

Mohd Zain Bin Ahmad

SECRETARIES

Su Swee Hong

(MAICSA No. 0776729)

Gan Swee Peng

(MAICSA No. 7001222)

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd

Lot 06-03 Level 6, East Wing

Berjaya Times Square

No. 1 Jalan Imbi

55100 Kuala Lumpur

Tel : 03 - 2145 0533

Fax : 03 - 2145 9702

AUDITORS

Ernst & Young (AF: 0039)

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

Malayan Banking Berhad

CIMB Bank Berhad

OCBC Bank (Malaysia) Berhad

AmBank (M) Berhad

RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

STOCK SHORT NAME

BJCORP (3395)

PLACE OF INCORPORATION AND DOMICILE

Malaysia



Kenny Rogers Roasters' rotisserie-roasted chicken is complemented by a variety of side dishes and Kenny's homemade muffins.



Starbucks' drive-thru outlet at Seri Manjung, Perak.



The Chateau Spa and Organic Wellness Resort, Berjaya Hills, Pahang.

PROFILE OF DIRECTORS



DATO' ROBIN TAN YEONG CHING

39 years of age, Malaysian
Chairman/Chief Executive Officer

He was appointed to the Board of the Company as an Executive Director on 21 December 2006. He was later appointed as the Chief Executive Officer ("CEO") of the Company on 1 January 2011 and subsequently as the Chairman/CEO of the Company on 23 February 2012.

He graduated with a Bachelor of Social Science degree in Accounting/Law from the University of Southampton, United Kingdom, in 1995. He joined Berjaya Group Berhad in 1995 as an Executive and subsequently became the General Manager, Corporate Affairs in 1997.

Currently, he is the CEO of Berjaya Sports Toto Berhad, an Executive Director of Sports Toto Malaysia Sdn Bhd and the Executive Chairman of Berjaya Food Berhad. He is also the Chairman of Berjaya Media Berhad, Sun Media Corporation Sdn Bhd and Informatics Education Ltd, Singapore and a Director of Atlan Holdings Bhd, Berjaya Sompoo Insurance Berhad, KDE Recreation Berhad and Berjaya Golf Resort Berhad. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

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

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

He was appointed to the Board of the Company as an Executive Director on 15 September 2005.

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

Currently, he is an Executive Director of Berjaya Sports Toto Berhad and Berjaya Media Berhad. He is the Managing Director of Sun Media Corporation Sdn Bhd and the Chief Executive Officer of 7-Eleven Malaysia Sdn Bhd. He is also a Director of Berjaya Assets Berhad, Berjaya Capital Berhad, Intan Utilities Berhad, Berjaya Vacation Club Berhad, Berjaya Group Berhad, Berjaya Retail Berhad, Seven Convenience Berhad and International Lottery & Totalizator Systems Inc, United States of America. He also holds directorships in several other private limited companies.

Chan Kien Sing is a member of the Risk Management Committee of the Company.



CHAN KIEN SING

57 years of age, Malaysian
Executive Director

PROFILE OF DIRECTORS



FREDDIE PANG HOCK CHENG

58 years of age, Malaysian
Executive Director

He was appointed to the Board of the Company as an Executive Director on 15 September 2005.

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 and a Director of Berjaya Group Berhad, Berjaya Vacation Club Berhad and TMC Life Sciences Berhad. He also holds directorships in several other private limited companies.

Freddie Pang Hock Cheng is a member of the Risk Management Committee of the Company.

He was appointed to the Board of the Company as an Executive Director on 15 September 2005.

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 and was subsequently appointed to the position of Executive Director of Berjaya Group Berhad in May 2002.

Currently, he is an Executive Director of Cosway Corporation Limited. He also holds directorships in International Lottery & Totalizator Systems Inc, United States of America and several other private limited companies.

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



RAYVIN TAN YEONG SHEIK

34 years of age, Malaysian
Executive Director



VIVIENNE CHENG CHI FAN

54 years of age, Malaysian
Executive Director

She was appointed to the Board of the Company as an Executive Director on 15 September 2005.

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 27 years of working experience in the field of treasury and finance with broad expertise in project finance, debt capital raising, corporate and debt restructuring and treasury cash management. 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 is also a Director of Berjaya Group Berhad and several private limited companies in the Berjaya Corporation group of companies.

Vivienne Cheng Chi Fan is a member of the Risk Management Committee of the Company.

He was appointed to the Board of the Company as an Executive Director on 15 September 2005.

He furthered his education at Bunker Hill Community College, Boston, United States of America. 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 over 26 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, Berjaya Group Berhad, Bukit Kiara Resort Berhad and KDE Recreation Berhad. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.



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

57 years of age, Malaysian
Executive Director

PROFILE OF DIRECTORS



DATO' ZURAINAH BINTI MUSA

51 years of age, Malaysian
Executive Director

She was appointed to the Board of the Company as an Executive Director on 13 January 2012.

She obtained her Post Graduate diploma in Human Resource Management from University of Newcastle, Australia in 1997. She also holds diplomas in Occupational Health And Safety from University of New South Wales, Australia and Secretarial Science from the MARA Institute of Technology.

She started work in 1983 and was working in senior capacities for several organisations, both locally and internationally before she joined Permata Kancil (M) Sdn Bhd in 1995. She was the Managing Director of Permata Kancil (M) Sdn Bhd, a company involved in human resource management and consultancy, when she left in 2010.

She has more than 15 years of experience in the field of Human Resource Management and Development as well as Human Relationship Management. Her experience includes inter-alia, the designing, developing, managing, organising and conducting training of programs, seminars and courses as well as the provision of consulting services relating to the various aspects of human resource development and management for organisations in Malaysia, Australia, United States of America, Indonesia and the Middle East.

Currently, she is an Executive Director of Berjaya Times Square Sdn Bhd and also a Director of several subsidiaries in Berjaya Assets Berhad.

She also holds directorships in Bukit Kiara Resort Berhad, Tioman Island Resort Berhad and several other private limited companies.

He was appointed to the Board of the Company on 30 March 2011.

He graduated with a Bachelor of Science (Honours) degree in Business Management from King's College, University of London, United Kingdom in 2002. He obtained a Master of Science in Internal Auditing and Management from Cass Business School, City University, United Kingdom in 2003.

He started his career with CIMB Securities Sdn Bhd as an Equities Analyst in 2004 and joined Dijaya Corporation Berhad (now known as Tropicana Corporation Berhad) as Business Development Manager in 2005. He is presently the Group Managing Director of Tropicana Corporation Berhad ("Tropicana") and he is currently overseeing group corporate strategy, planning and risk management of the Tropicana group of companies. He is also a Director of several other local and international private limited companies involved in manufacturing, services, media, leisure, retail, property development and property investment.

He also holds directorships in Berjaya Land Berhad, Berjaya Sports Toto Berhad, Berjaya Assets Berhad, Tropicana Golf & Country Resort Berhad, TT Resources Berhad.

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

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



DATO' DICKSON TAN YONG LOONG

32 years of age, Malaysian
Non-Independent Non-Executive Director



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

74 years of age, Malaysian
Independent/Non-Executive Director

He was appointed to the Board of the Company on 15 September 2005.

He graduated with a degree in Bachelor of Arts (Economics) degree 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 Executive Officer of Permodalan Nasional Berhad, a post he held from 1991 to 1992. Prior to this date, his career in the Government Civil Service also involved a number of years in the Ministry of Trade And Industry, the Economic Planning Unit of the Prime Minister's Department and the Ministry of Finance. Currently, he is also a Director of Eastspring Investment Berhad.

Tan Sri Datuk Abdul Rahim Bin Haji Din is the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of the Company.

He was appointed to the Board of the Company on 15 September 2005.

He graduated from the University of Science Malaysia, Penang in 1978 with a Bachelor of Social Science (Hons) degree majoring in Political Science and minoring 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 Penang 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 was also actively involved in various community organisations and had served as the Special Advisor to the Ministry of Social Development and Urbanisation Sarawak.

He also holds directorships in several other private limited companies.

Dato' Hj Mohd Yusoff Bin Jaafar is a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of the Company.



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

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

PROFILE OF DIRECTORS



DATUK ROBERT YONG KUEN LOKE

61 years of age, Malaysian
Independent Non-Executive Director

He was appointed to the Board of the Company on 15 September 2005.

He is a Fellow member of The Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore and the Malaysian Institute of Accountants. He is also a Council Member of the Malaysian Institute of Certified Public Accountants and presently serves as a member of its Executive Committee. He has many years of working experience in the fields of accounting, audit, treasury and financial management. He started his career in London in 1973 and worked there for more than five years with chartered accounting firms. Subsequently, he was with Price Waterhouse, Singapore from 1979 to 1982. From 1983 to 1986, he served as Group Finance Manager in UMW Holdings Berhad and Group Treasurer in Edaran Otomobil Nasional Bhd. He joined Berjaya Group of Companies in 1987 until his retirement as Executive Director on 30 November 2007 and is currently an Independent Non-Executive Director of the Company.

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

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

He was appointed to the Board of the Company on 15 September 2005.

He holds a Bachelor of Law degree from the University of Buckingham, England and a Certificate in Legal Practice. He also holds Diplomas in Syariah Law & Practice from International Islamic University Malaysia and Public Administration from Universiti Teknologi MARA.

He began his career with the Royal Malaysian Police Force as a police inspector in 1971. He was promoted to Assistant Superintendent of Police in 1980 and served until 1986. He was admitted as an Advocate and Solicitor of the High Court of Malaya on 25 October 1986 and is currently a practising solicitor. He has also recently been elected as a member of the State Legislative Assembly for the Penaga Constituency in the State of Penang.

Mohd Zain Bin Ahmad is a member of Audit Committee of the Company.



MOHD ZAIN BIN AHMAD

61 years of age, Malaysian
Independent/Non-Executive Director



**DR JAYANTHI NAIDU A/P
G. DANASAMY**

37 years of age, Malaysian
Independent/Non-Executive Director

She was appointed to the Board on 13 January 2012.

She obtained her LLB (Hons) in 2000 and her LLM (Distinction) in 2004 from University Malaya. She obtained her PhD in the area of sustainable corporate practices from Queen Mary, University of London, United Kingdom in 2008. She is also a member of the Malaysian Bar (non-practising).

Dr Jayanthi started her career as a Prosecuting Officer with the Securities Commission of Malaysia in 2001 before taking up academic positions both in Malaysia and the United Kingdom, from 2002 till 2006. During her tenure in the UK, she also worked with international corporations advising them on their sustainability strategies. She has wide experience working at Board and Senior Management levels with clients and business partners.

She was previously the Executive Director of the Malaysian Centre of Regulatory Studies, University Malaya. As an experienced trainer, she has also conducted training and provided lectures for institutions across Asia, Europe and the Middle East, in various sustainability and community investment areas.

Currently, she is the Managing Director of Synergio Global Sdn Bhd (“Synergio”), a sustainability strategy consultancy company. In this role, she is involved in advising companies and institutions across Asia with regards to sustainability strategies. She is also a Director of several companies linked to Synergio.

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

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 2013.

FINANCIAL RESULTS

For the year ended 30 April 2013, the Group registered an improvement in revenue from RM7.06 billion in the previous year to RM7.38 billion this year. The improvement was mainly attributed to an increase in revenue from the marketing of consumer products and services segment and property investment and development segment. The gaming, hotels and resorts, and motor distribution segments also reported increase in revenue. The retail distribution business reported lower revenue due to unexpected lower sales recorded in the more mature markets, which was mitigated by additional revenue contributed by the newly opened markets.

previous year included one-off exceptional gains from disposal of subsidiary companies amounting to about RM309.69 million. In addition, the Group incurred higher finance costs in this financial year under review.

The motor distribution business recorded a higher pre-tax profit mainly due to higher sales volume, while the hotels and resorts business reported improved contribution mainly due to lower maintenance and operating expenses following its on-going cost structure revamping exercise and improved average room rates. The property investment and development business reported higher profit contribution from higher progress billings. The gaming business, however, recorded a lower pre-tax profit. The retail distribution business also contributed a lower profit as it was affected by losses incurred from operations which are still in their gestation period and the rationalisation exercises to close down or relocate unprofitable outlets.

Pre-tax profit for the financial year under review was lower at RM575.26 million compared to RM849.20 million in the previous year. The pre-tax profit in the

DIVIDEND

The Board recommends a final dividend of 1% single-tier exempt dividend per share for the approval of shareholders at the forthcoming annual general meeting.



Cosway outlet in Berjaya Times Square, Kuala Lumpur.



KM1 East Condominiums, Bukit Jalil, Kuala Lumpur.

SIGNIFICANT CORPORATE DEVELOPMENTS

The Group has proposed and completed several corporate exercises and I wish to highlight the following significant corporate developments :

- 1) On 5 June 2012, Berjaya Sports Toto Berhad ("BToto") proposed the transfer of 100% equity interest in its wholly-owned subsidiary, Sports Toto Malaysia Sdn Bhd ("Sports Toto") for a consideration of RM6 billion to a business trust to be constituted and registered in Singapore. Accordingly, Sports Toto Malaysia Trust ("STM-Trust") was constituted in Singapore on 13 June 2013 by a declaration of trust by Sports Toto Malaysia Management Pte Ltd ("STMM") as trustee-manager of STM-Trust under a trust deed dated 13 June 2013. The trust units of STM-Trust are proposed to be listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Proposed Business Trust").

Approvals from Ministry of Finance (Malaysia), Controller of Foreign Exchange of Bank Negara (Malaysia), holders of Sports Toto's Medium Term Notes, Singapore Exchange Securities Trading Limited, shareholders of BToto and The Monetary Authority of Singapore have been obtained for the Proposed Business Trust. On 20 August 2013, BToto submitted an application to SGX-ST to seek for further extension of validity period of the conditional eligible-to-list by additional 3 months to 10 December 2013.

On 19 September 2013, BToto, STMM and Berjaya Sports Toto (Cayman) Limited entered into a supplementary letter to revise certain terms to the Proposed Business Trust and to extend the period for the fulfilment of the conditions precedent under the Sale and Purchase Agreement dated

15 June 2013 to 31 December 2013. Concurrently, BToto also announced that it intends to undertake a proposed dividend-in-specie of up to 2.81 billion STM-Trust units to the shareholders of BToto in conjunction with the proposed secondary listing of all the issued STM-Trust units by STM-Trust on the Main Market of Bursa Securities.

- 2) On 11 September 2012, BCorp announced that its subsidiary, Bermaz Motor Sdn Bhd ("Bermaz") had entered into a Joint Venture Agreement ("Mazda JVA") with Mazda Motor Corporation, Japan to produce and assemble Mazda brand vehicles in Malaysia. On 19 October 2012, Bermaz completed the subscription of 30% equity interest in Mazda Malaysia Sdn Bhd ("Mazda Malaysia"). Mazda Malaysia will undertake to produce and assemble Mazda brand vehicles in Malaysia, pursuant to the Mazda JVA, for the local and export market, starting with Thailand.
- 3) The Group expanded its Mazda distribution business to the Philippines when Berjaya Auto Philippines Inc, a 90% owned subsidiary of the Group, entered into a distribution agreement with Mazda Motor Corporation, Japan on 12 September 2012 for the right to import, distribute and sell Mazda brand vehicles in the Philippines.
- 4) On 26 February 2013, BCorp announced its proposal to list Bermaz Motor Sdn Bhd, a 75.4%-owned subsidiary of Berjaya Group Berhad ("BGroup"), on the Main Market of Bursa Securities via Berjaya Auto Berhad ("BAuto") ("Proposed Bermaz Listing"). The Proposed Bermaz Listing has been approved by the Securities Commission, Ministry of International Trade and Industry ("MITI"), Bursa Malaysia Securities Berhad and the shareholders of BCorp at an extraordinary general meeting. In addition, the Shariah Advisory Council had classified all the BAuto ordinary shares as Shariah-compliant securities. The Proposed Bermaz Listing involves the following:
 - a. acquisition of 100% equity interest in Bermaz Motor Sdn Bhd by BAuto via an exchange of new BAuto shares;
 - b. initial public offering of a total of 82.76 million new BAuto shares to Malaysian Institutional and selected investors, Bumiputera investors approved by MITI, entitled shareholders of BCorp and eligible directors, employees and business associates who have contributed to the success of the BAuto Group; and
 - c. the establishment of an employees' share option scheme for the eligible directors and employees of the BAuto Group.



A Sports Toto draw in progress.

CHAIRMAN'S STATEMENT

- 5) On 18 July 2013, Berjaya Philippines Inc. ("BPI") announced that it had made a cash offer to acquire the entire issued and to be issued share capital of H.R. Owen Plc ("H.R. Owen") not already owned by BPI at an offer price of 130 pence per H.R. Owen share ("Offer"). H.R. Owen is listed on the London Stock Exchange. Prior to the Offer, BPI holds approximately 7.04 million shares representing 29.81% equity interest in H.R. Owen.

On 12 September 2013, BPI announced an acquisition of 2,350,000 Shares at 170 pence per Share, thereby triggering a mandatory offer for H.R Owen shares at a revised offer price of 170 pence per Share. The offer period was extended to 27 September 2013. Based on the purchases of shares and valid acceptances of the Offer received during the offer period, BPI has increased its equity interest in H.R. Owen to 51% as at 19 September 2013.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

BCorp and its subsidiaries continued to actively develop its CSR initiatives in various areas of needs based on its strong belief in making a positive difference and meaningful change in the communities in which it operates. This commitment is manifested in various aspects ranging from philanthropic giving to volunteering and partnerships with various charitable organizations.

KEY HIGHLIGHTS

Berjaya Founder's Day

The third Berjaya Founder's Day was once again held at Berjaya Times Square on 23 February 2013. A total of RM20.2 million was contributed to 74 charitable organizations by founder, Tan Sri Dato' Seri Vincent Tan, Better Malaysia Foundation and Berjaya Cares Foundation. These charitable organizations include those that support community, education, health-related causes, environmental conservation, animal welfare as well as local performing arts. The annual event has contributed a total of RM38.4 million to more than 150 charitable organizations nationwide in the past 3 years.

The Malaysian Medical Relief Society ("MERCY Malaysia") was awarded the Better Malaysia Foundation Personality of the Year Award 2013 which included a cash award of RM500,000 from the Group's founder, Tan Sri Dato' Seri Vincent Tan, in recognition of their relentless efforts in providing emergency assistance and humanitarian services locally and internationally.

The annual event also featured a family day carnival to promote greater interaction and collaboration among Berjaya employees. Approximately 20,000 Berjaya employees and their family members participated in the fun-filled carnival complete with a wide selection of scrumptious food, exciting game stalls, children's activities, carnival rides and merchandize on sale.

More than 30 charitable organizations set up exhibition booths to showcase and raise awareness of their causes to the public.

As part of the Group's engagement exercise with its staff, the Group introduced the Berjaya's Got Talent competition in October 2012 as an opportunity for staff to showcase their talents and creativity. The finals were held during Founder's Day and the top three winners walked away with cash and prizes worth more than RM18,000.

Tan Sri Dato' Seri Vincent Tan and Hong Kong superstar, Andy Lau with the 130-foot long dragon cake on Berjaya Founder's Day 2013.



A total of RM20.2 million was contributed to 74 charitable organizations during Berjaya Founder's Day 2013.



Beneficiaries of Berjaya Founder's Day 2013

| NO. | ORGANIZATION | PROJECT | AMOUNT (RM) |
|-----|--|--|--------------|
| 1 | Agape Shelter Kluang, Johor | One unit of 14-seater van | 80,000.00 |
| 2 | Animalcare, Selangor | Medical fund for rescued animals | 50,000.00 |
| 3 | Arthritis Foundation Malaysia | 20 knee implants for poor patients | 160,000.00 |
| 4 | Asia Musical Productions | "Princess Wen Cheng-The Musical" Production | 1,000,000.00 |
| 5 | Badan Amal Kasih Sayang Malaysia (BAKASA) | Home for underprivileged children | 100,000.00 |
| 6 | Buddhist Tzu-Chi Merit Society Malaysia, Penang | Operating cost for dialysis centres in Penang | 250,000.00 |
| 7 | Cancer Research Initiatives Foundation (CARIF), Kuala Lumpur | Malaysian Cancer Awareness Programme | 222,000.00 |
| 8 | Ci Yun Jing Yuan | Construction of Shrine Hall, Thousand Buddha Monastery and 24 Deva Hall | 120,000.00 |
| 9 | Druk Ralung Shedrup Choeling Monastery, Bhutan | Fund for building | 600,000.00 |
| 10 | Eden Handicap Service Centre Bhd, Penang | One unit of 14-seater van | 73,000.00 |
| 11 | Furry Friends Farm, Kundang, Selangor | Renovation cost to improve the condition of its shelter | 65,000.00 |
| 12 | Grace Community Services, Klang, Selangor | Two units of 14-seater vans | 160,000.00 |
| 13 | Independent Living & Training Centre, Rawang, Selangor | One unit of 14-seater van with hydraulic wheelchair lift | 98,000.00 |
| 14 | Institute Tengku Ampuan Afzan | Education and development programme for special children | 100,000.00 |
| 15 | Kasih Foundation, Petaling Jaya, Selangor | Medical care and hospice services | 60,000.00 |
| 16 | Kiwanis International Foundation | Supporting the global health campaign, "The Eliminate Project", a partnership between Kiwanis Malaysia and International together with UNICEF to eliminate Maternal and Neonatal tetanus disease for 55,000 mothers and babies | 320,000.00 |
| 17 | Life Transformation Society, Port Dickson, Negeri Sembilan | One unit of 14-seater van | 80,000.00 |
| 18 | Lovely Disabled Home, Petaling Jaya, Selangor | One unit of 14-seater van with hydraulic wheelchair lift | 98,000.00 |
| 19 | Malaysian Association for the Blind, Kuala Lumpur | Setting up of Anatomy Lab to train visually impaired people in massage and reflexology | 80,000.00 |
| 20 | Malaysian Dogs Deserve Better, Klang, Selangor | Medical fund for rescued animals | 50,000.00 |
| 21 | Malaysian Liver Foundation, Ara Damansara, Selangor | Wellness support for 50 underprivileged chronic hepatitis and liver cancer patients and their caregivers | 500,000.00 |
| 22 | Malaysian Nature Society, Kuala Lumpur | Research and conservation project in Tioman Island | 206,000.00 |
| 23 | MERCY Malaysia, Kuala Lumpur | Medical relief and humanitarian assistance locally and internationally | 1,000,000.00 |
| 24 | Montfort Boys Town, Shah Alam | Two units of 14-seater vans | 160,000.00 |
| 25 | Nalanda Buddhist Society, Seri Kembangan, Selangor | Educational assistance for 350 children for 1 year | 70,000.00 |
| 26 | National Autism Society of Malaysia, Kuala Lumpur | Two units of 14-seater vans for its centres in Titiwangsa and Setia Alam | 145,000.00 |

CHAIRMAN'S STATEMENT

Beneficiaries of Berjaya Founder's Day 2013

| NO. | ORGANIZATION | PROJECT | AMOUNT (RM) |
|-----|--|--|--------------|
| 27 | National Kidney Foundation of Malaysia | 10 units of dialyzer re-processors | 320,000.00 |
| 28 | PAWS Animal Welfare Society, Subang, Selangor | Mobile animal clinic | 220,000.00 |
| 29 | Persatuan Diabetes Malaysia, Petaling Jaya, Selangor | Free monitoring devices for 100 children with diabetes for 1 year | 120,000.00 |
| 30 | Persatuan Glaucoma Malaysia, Kuala Lumpur | Setting up of Sight Kiosk Mobile to serve the rural and underprivileged communities | 110,000.00 |
| 31 | Persatuan Kebajikan HOPE Worldwide KL | Provides 2 office floors at Sentul Raya Boulevard rent-free for 3 years | 144,000.00 |
| 32 | Persatuan Kesihatan Jiwa Pulau Pinang | Sponsoring the rehabilitation centre for children in Penang | 150,000.00 |
| 33 | Persatuan Perkhidmatan Komuniti Taiping, Perak | One unit of 14-seater van | 80,000.00 |
| 34 | Persatuan Rumah Warga Emas Klang, Selangor | One unit of 14-seater van | 73,000.00 |
| 35 | Pertubuhan Beyond Rehab Wellness Centre, Melaka | Purchase of physiotherapy equipment | 50,000.00 |
| 36 | Pertubuhan Kebajikan Amitabha Malaysia, Johor Bahru, Johor | One unit of 14-seater van | 80,000.00 |
| 37 | Pertubuhan Kebajikan Anak-anak Yatim Jaz, Teluk Intan, Perak | One unit of 14-seater van | 80,000.00 |
| 38 | Pertubuhan Kristian Desa Amal Jireh, Semenyih, Selangor | One unit of 14-seater van | 80,000.00 |
| 39 | PJ Caring Home | Food supply and medication for 140 residents | 100,000.00 |
| 40 | Power Malaysia, Klang, Selangor | Tailoring programme for 50 underprivileged women | 200,000.00 |
| 41 | Protect & Save the Children Association of Selangor and Kuala Lumpur | "Sense, Hope and Inspiration for Teenagers (SHIFT)" project | 170,000.00 |
| 42 | PT Foundation, Kuala Lumpur | Back-to-School fund for 150 children living with or affected by HIV | 250,000.00 |
| 43 | Pusat Hemodialisis Mawar, Seremban | Setting-up of a dialysis centre in Serian, Kuching | 600,000.00 |
| 44 | Pusat Jagaan Baitus Sakinah Wal Mahabbah, Sepang, Selangor | One unit of 14-seater van | 80,000.00 |
| 45 | Pusat Jagaan Rumah Kesayangan Abuya, Sungai Petani, Kedah | One unit of 14-seater van | 80,000.00 |
| 46 | Red Crescent-Selangor | One unit of 14-seater van | 80,000.00 |
| 47 | Rumah Bethany, Hutan Melintang, Perak | Two units of 14-seater vans | 160,000.00 |
| 48 | Rumah Kebajikan Warga Emas Sang Riang, Triang, Pahang | One unit of 14-seater van with hydraulic lift | 97,000.00 |
| 49 | Rumah Nur Kasih Bestari, KL | One unit of 14-seater van | 80,000.00 |
| 50 | Sathya Sai Baba Centre of Sri Muda, SS3 and Klang | 3 units of 14-seater vans for 3 centres serving the communities in Sri Muda, SS3 and Klang | 240,000.00 |
| 51 | Science of Life Studies 24/7 (SOLS 24/7) | Setting up of community education centres nationwide | 3,500,000.00 |
| 52 | Sekolah Rendah Jenis Kebangsaan Cina SJK (C) Chen Moh, Petaling Jaya | Building fund | 100,000.00 |

Beneficiaries of Berjaya Founder's Day 2013

| NO. | ORGANIZATION | PROJECT | AMOUNT (RM) |
|--------------|---|--|----------------------|
| 53 | Sekolah Rendah Sathya Sai, Puchong | One unit of 14-seater van | 80,000.00 |
| 54 | SEMOA Berhad, Kuala Lumpur | Two units of 14-seater vans | 160,000.00 |
| 55 | SIBKL Chinese Church, Kuala Lumpur | Character building and English tuition programme for 100 underprivileged children in Kampung Baru Sungai Buloh for 1 year | 100,000.00 |
| 56 | Sea Turtle Research Unit of Universiti Malaysia Terengganu | Radio-tracking of turtle hatchlings into offshore waters and their pelagic habitat | 100,000.00 |
| 57 | St. John Ambulans Malaysia (Kawasan Pantai Selangor) | Setting up of a dialysis centre in Serdang | 600,000.00 |
| 58 | Stepping Stone Living Centre, Kuala Lumpur | One unit of 14-seater van | 80,000.00 |
| 59 | SPCA, Selangor | SPCA Humane Education Programme for 2013 | 80,000.00 |
| 60 | Sultan Ahmad Shah Environment Trust | Preservation and development of the environment | 300,000.00 |
| 61 | Taiwan Buddhist Tzu-Chi Foundation Malaysia, Petaling Jaya | Study grant for poor students | 250,000.00 |
| 62 | Taman Sri Puteri Cheras | One unit of 14-seater van | 73,000.00 |
| 63 | Tara Bhavan, Kuala Lumpur | One unit of 14-seater van and 1 year's tuition fees for 34 children | 90,000.00 |
| 64 | The Tun Hussein Onn National Eye Hospital, Petaling Jaya | Eye screening and dispensing of spectacles for 2,500 needy primary school children in Negeri Sembilan, Perak and Selangor | 250,000.00 |
| 65 | Ti-Ratana Welfare Society, Kuala Lumpur | One unit of 14-seater van and cash donation towards the building fund | 100,000.00 |
| 66 | Turtle Conservation Society of Malaysia, Kuala Lumpur | River terrapin research and conservation project in Kemaman River, Terengganu. | 100,000.00 |
| 67 | Vocational Training Opportunity Centre, Kuala Lumpur | Sponsorship of 30 students for skill training programmes | 240,000.00 |
| 68 | World Vision Malaysia, Petaling Jaya | Community development and humanitarian assistance | 250,000.00 |
| 69 | Yayasan Kebajikan SSL Haemodialysis & Yayasan Kebajikan SSL Strok Dan Pembangunan Masyarakat, Petaling Jaya | Two units of 14-seater vans with hydraulic wheelchair lifts | 180,000.00 |
| 70 | Yayasan Maha Karuna | Distribution of essential household provisions to 1,500 needy senior citizens, needy families and people with disabilities | 50,000.00 |
| 71 | Yayasan Raja Muda Selangor | Vocational and skill training programmes for disadvantaged youths | 1,000,000.00 |
| 72 | 35 Johor Charitable Organizations Selected by DYMM Raja Zarith Bt Almarhum Sultan Idris Shah | | 1,000,000.00 |
| 73 | Berjaya Cares Foundation | Staff Welfare Fund | 1,000,000.00 |
| 74 | Better Malaysia Foundation | Staff Welfare Fund | 1,000,000.00 |
| TOTAL | | | 20,174,000.00 |

CHAIRMAN'S STATEMENT

Other Community Initiatives

Guided by the Founder's passion and philosophy in caring and giving, the Group constantly strives to contribute to the betterment of society by providing assistance to needy communities.

During the festive seasons, BCorp and its subsidiaries took the opportunity to spread cheer and joy through various gatherings and donation events for needy communities. Among those were the fun-filled breaking-of-fast sessions for disadvantaged children and goodwill visits to pediatric wards of government hospitals in Seremban, Tampin and Port Dickson, and the distribution of Deepavali festive goodies to 2,200 needy families in Cameron Highlands, Port Dickson, Sungai Buloh, Kuala Selangor, Batu Caves, Kajang and Klang.

For the 13th consecutive year, BCorp continued to support The Edge-Bursa Malaysia Kuala Lumpur Rat Race, an annual corporate charity run jointly organized by The Edge and Bursa Malaysia. The charity run provides a platform for BCorp employees to fulfill their social responsibility role while participating in a sporting event.

The Group's CSR philosophy is also embraced by its operating companies and subsidiaries, reflected by the various initiatives and involvements in helping to uplift the lives of the less fortunate.

Berjaya Food Berhad through its wholly-owned subsidiary, Berjaya Roasters (M) Sdn Bhd, reaches out to the community through its KRR Community Chest campaigns such as the annual Roasters Chicken Run and Wishing Tree Campaign. The Roasters Chicken Run 2013, which saw more than 4,000 participants from all walks of life, raised RM65,000 for Little Yellow Flower Foundation (previously known as Hope Education Foundation) to support its Nutrition, Lunch and Tuition programme benefiting children from urban poor families as part of its initiatives to help break the cycle of poverty through education. To date, this unique charity fun run event has raised more than RM425,000 for various charitable organizations. In its 8th consecutive year, the annual Wishing Tree campaign, which grants simple wishes of underprivileged children during the year-end festive season, has benefitted more than 9,000 underprivileged children nationwide.

As part of its commitment to community service, Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") celebrated its third annual Global Month of Service throughout the month of April 2013 and executed 32 CSR projects nationwide with an accumulated 18,993 community service hours. BStarbucks also launched its 'Connecting Communities' programme in April 2013 which aims to create a scalable community project that contributes to small, local farming villages. Working in collaboration with Persatuan Kebajikan HOPE Worldwide Kuala Lumpur, the project is aimed at raising funds for banana farming communities at Kampung Lubuk Jaya, Kuala Selangor. Through this programme, BStarbucks purchases raw banana fruits from the local farmers to produce food items retailing at all Starbucks stores nationwide. Sales proceeds from these products will be channeled to building a community computer centre for the children of Kampung Lubuk Jaya which is expected to be ready by December 2013.

Another BCorp subsidiary, Sports Toto, has a long-standing record in giving back to society through numerous activities such as the annual Sports Toto Chinese New Year Ang Pow Donation Campaign. Dedicated to needy senior citizens in 41 cities and towns throughout the country, the number of beneficiaries increased gradually over the years from about 10,000 in 1989 to 17,000 beneficiaries in 2013. Sports Toto contributed more than RM15 million to provide more than 300,000 packets of ang pows and hampers to the poor since the inception of this charity campaign in 1989.

Sports Toto also collaborated with NTV7 for the third consecutive year in the production of a 13-episode charity-themed programme entitled "Helping Hands Season 3" which provided 13 impoverished families with necessary home improvements, medical provisions and other necessities to improve their living conditions.



The Roasters Chicken Run 2013 raised RM65,000 for Little Yellow Flower Foundation.



Starbucks' banana food items under its "Connecting Communities" programme.

On the international front, BCorp's subsidiary in the Philippines, Philippine Gaming Management Corporation, contributed Peso44 million to Gawad Kalinga Community Development Foundation Inc. for the construction of 400 housing units for the poor in various parts of the Philippines. Berjaya Makati Hotel also participated in a food distribution programme for fire victims at Barangay Santolan, Sta. Mesa City.

Education

The Group continues to promote literacy among the less fortunate through various initiatives as it believes education is the key to uplifting underprivileged children out of poverty. During the year under review, Berjaya Cares Foundation set up mini libraries and contributed books and book shelves to three homes, namely Taman Sri Puteri Cheras, Persatuan Kebajikan Kanak-Kanak Kajang and Kampung Sg. Ruai Hulu Orang Asli Village in Raub, Pahang.

On a larger scale, Sports Toto in collaboration with Berjaya Cares Foundation, made available at no charge, 2 floors of a 5-storey office building at Sentul Raya Boulevard, Kuala Lumpur to Persatuan Kebajikan HOPE Worldwide Kuala Lumpur for its operations. This contribution has resulted in an annual rental savings of approximately RM48,000 for HOPE Worldwide KL. This is in addition to an existing 6-storey shop lot made available for the use of Harvest Centre in the same vicinity which translated to an annual rental savings of approximately RM150,000.

Sports Toto also embarked on a reading programme titled "Reading My Companion" benefitting some 750 students in 7 rural Chinese primary schools in Selangor. Each student was given a story book to inculcate the reading habit. The programme also comprised story-telling sessions, book exchanges, sharing among students as well as donation of books to the respective school libraries.

In the Philippines, Berjaya Philippines Inc. through Berjaya Foundation Inc. provided scholarships valued at Peso36.4 million to 32 needy and deserving Filipino students for diploma programmes such as Culinary Arts, Hospitality Management, Tourism Management, Retail Management and Events Management at Berjaya University College of Hospitality, Kuala Lumpur.

Workplace

As BCorp continues to expand its business network, workforce and geographical reach, there is a compelling need to nurture its employees as well as the next generation of leaders. In line with this objective, the Group is committed to helping its employees realize their full potential through various training and development programmes while continuing to promote work-life balance at the workplace. In this regard, various health talks, free



BCorp founder, Tan Sri Dato' Seri Vincent Tan with Chairman/CEO, Dato' Robin Tan with the students at Harvest Centre.



Reading My Companion learning programme at SJK(C) Simpang Morib, Banting.

health screenings and topics related to employees' personal development were also carried out throughout the year.

The Group also cultivates a collaborative work culture among the different business segments for greater synergy to enhance efficiency through various sharing sessions.

The Group's Staff Welfare Fund continued to provide financial assistance to employees to cope with high medical expenses, education funding and to assist in the event of loss or damage to property resulting from natural disasters. During Berjaya Founder's Day 2013, Tan Sri Dato' Seri Vincent Tan contributed RM1 million each to Better Malaysia Foundation and Berjaya Cares Foundation towards their Staff Welfare Funds.

BCorp and its respective subsidiaries' Sports Clubs actively organized recreational activities such as festive gatherings, sports competitions and vacation trips to promote social interaction and foster closer ties among employees.

Sports Excellence

During the financial year under review, BCorp supported various sporting events, most notably through its contribution of RM250,000 each to the Langkawi International Mountain Bike Challenge 2012 and Langkawi Paintball World Cup Asia 2012. Sports Toto supported 20 community sporting events which included the 25th PJ Half Marathon, Penang Bridge International Marathon 2012, 25th Seremban Half Marathon, Sin Chew Daily Basketball Championship 2012 and Selangor Turf Club's Tunku Gold Cup Chinese New Year Races 2013.

CHAIRMAN'S STATEMENT



The "It's Pawssible" Campaign was launched during Berjaya Founder's Day 2013.



BCorp supported the local production of Princess Wen Cheng - The Musical.

On a bigger scale, Sports Toto made substantial annual financial contributions to the National Sports Council. Sports Toto also collaborated with the Olympic Council of Malaysia (OCM) in recognizing 2 outstanding Malaysian athletes during the London Olympics 2012 namely, Dato' Lee Chong Wei, Silver Medalist in Badminton Men's Singles event and Ms Pandelega Rinong, Bronze Medalist in Diving Women's 10 meter platform event through the OCM - Sports Toto Outstanding Athletes of the Games Award 2012.

Environment

In an effort to restore and rehabilitate the degraded coral reef area in Tioman Island, Berjaya Cares Foundation collaborated with Malaysian Nature Society ("MNS") on a 15-month coral reefs rehabilitation programme starting from October 2012. Project ROAR ("Restore Our Awesome Reefs") deployed a scientifically proven method namely the Biorock™ technology that enhances the growth rate of corals, increases their resistance to environmental stresses and re-establishes devastated marine ecosystems within a short period of time. Berjaya Cares Foundation also supported a 2-year research project by MNS with the aim of promoting sustainable nature tourism in Tioman Island by identifying and zoning high conservation and sensitive areas and highlighting unique flora and fauna.

Engaging and adopting the 'Loving Earth' commitment is one of Berjaya Hotels and Resorts' top priorities. The annual Tioman Island clean-up day organized by Berjaya Hotels and Resorts in collaboration with Berjaya Air adopted a four-pronged approach focusing on clean-up dive, beach clean-up, turtle conservation workshop for school children and airport clean-up. These initiatives aim to strengthen conservation of underwater life and educate people on the importance of coral reefs to the ecosystems.

Animals

The Group also broadened its CSR scope to also include animal-related causes. During the financial year under review, Berjaya Youth, a platform specifically created by BCorp for the youth community of Malaysia with the objective of cultivating leadership and creativity while promoting the spirit of volunteerism, positive thinking and good values through various projects and activities, organized the "It's Pawssible" campaign in collaboration with PAWS Animal Welfare Society, SPCA Selangor and PetFinder.my, and supported by Better Malaysia Foundation, MOL, BCard and Smart Heart. The campaign aims to educate the public on responsible pet ownership through the SPCA Humane Education Programme, raise RM150,000 for the sterilization of 1,000 rescued animals, and find homes for 1,000 rescued animals. The campaign also included a state-of-the-art mobile animal clinic worth RM220,000 donated by Better Malaysia Foundation to PAWS. The mobile animal clinic will travel throughout West Malaysia to raise awareness on the importance of spaying and neutering animals to curb the escalation of strays in Malaysia.

To-date, Tan Sri Dato' Seri Vincent Tan, together with Better Malaysia Foundation and Berjaya Cares Foundation, has contributed RM1.14 million to various animal welfare organizations and rescue groups.

Arts & Culture

Recognizing arts as an important aspect in cultivating creative minds, BCorp organized the Berjaya Youth Short Film Competition for the third year with the objective of nurturing the potential and creativity of young film makers. The competition is open to Malaysian youth between 18 to 25 years old to share their inspiring stories through film.

The Group also supported numerous local and international performances such as The Producers-The Musical, Wizard of Oz-The Musical, The Secret Life of Nora Musical, Puteri Gunung Ledang-The Musical, The Sound of Music, Shrek-The Musical, and many more. Tan Sri Dato' Seri Vincent Tan added further impetus to the local performing arts scene by extending his support to promote Malaysian performing arts in the international arena through Princess Wen Cheng-The Musical. The internationally acclaimed all-Malaysian production by Asia Musical Productions has performed in Taiwan, Beijing and Xian in China, in Singapore, and next in Busan, South Korea in November 2013.

Sports Toto continued to contribute significantly towards the preservation and promotion of local cultural heritage by supporting events such as the Kuching Festival, Penang Chingay Parade and Johor Bahru Chingay Parade, among others.

Moving forward

The Group will continue to partner with various charitable organizations on projects which promote sustainable community development and growth in the hopes of bringing meaningful change and a positive difference to the communities in need.

FUTURE PROSPECTS

Malaysia's gross domestic product (GDP) is expected to remain resilient in the second half of 2013 with domestic demand continuing as the main economic growth driver, sustained by government policy measures, private consumption, and private investments. The on-going implementation of the government's infrastructure projects, which include developments in the Iskandar Region and Greater Kuala Lumpur and Klang Valley, will help to boost foreign direct investment and sustain GDP growth.

The Group's consumer marketing and direct-selling business, Cosway, intends to step up its focus on revenue growth in the profitable and potential markets particularly in Malaysia, South East Asia and Greater China. New marketing strategies are being implemented to strengthen its business fundamentals with the objective of achieving sustainable shoppers' loyalty and preferences in the consumption and usage of Cosway's wide range of products.

The local property market outlook is expected to be challenging due to stricter lending guidelines imposed

by Bank Negara Malaysia and the increase in Real Property Gains Tax to further curb speculative buying which will likely pull back demands. Nevertheless, property prices in Malaysia are still relatively more affordable and offer good capital yields compared to properties in other countries within this region such as Hong Kong and Singapore. The residential property sector will remain as the main driving force of the property market, gravitating towards more affordable properties in line with the government's effort to promote first time home ownership among young buyers.

Against this scenario, demand for the Group's residential properties will remain strong, especially developments at strategically located areas such as Bukit Jalil, which has close proximity to high-level infrastructure projects such as the proposed Mass Rapid Transit and Light Rail Transit extension lines.

On the international front, the Group's property development projects in Jeju, South Korea and Hebei, China are still under construction, while the property market sentiment in Vietnam remains weak.

Despite stiff competition arising from the growing number of complexes within the Klang Valley, the Group's complexes in the Golden Triangle are expected to remain resilient supported by high occupancy rates driven by their strategic locations and high traffic.

The overall outlook for the hotel industry is expected to remain encouraging. The local hotel industry is expected to benefit from the Visit Malaysia Year 2014 promotional campaigns which target to receive 28 million tourist arrivals next year. In view of this, and together with its aggressive marketing strategy and diverse distribution channels, the Group expects its hotels and resorts businesses in Malaysia to improve its Average Room Rate (ARR) and Revenue Per Available Room (RevPAR) for the financial year 2014.

The Number Forecast Operators business under BToto is expected to remain resilient, supported by strong sales in the Jackpot games. Sports Toto will continue to ensure that its games continue to remain relevant and exciting to achieve strong growth in the current financial year. BToto will still continue to consolidate the earnings from Sports Toto for the financial year ending 30 April 2014 subject to the dilution effect arising from the proposed listing of STM-Trust on SGX-ST in the third quarter of the financial year 2014.



Ground breaking ceremony for Gotjawal Village, Jeju Airst City, Jeju Island, South Korea.

CHAIRMAN'S STATEMENT

The food and beverage industry in Malaysia is expected to be increasingly competitive due to a large variety of existing restaurants and the introduction of new food and beverage ventures into the market. The increase in disposable income will encourage Malaysians to spend on dining out and delivery services especially for the urban working community who lead busy lifestyles. The Group's introduction of new concept stores such as its drive-thru outlets, kiosks and delivery service are targeted at this segment of customers. Many Malaysians are also becoming increasingly discerning on food quality and seek healthier options as well as more diversified offerings. The variety of food and beverage offerings under the Group's food and beverage businesses will cater to the varied tastes among the young and old alike.

The Group's established brands, Kenny Rogers Roasters ("KRR") and Starbucks Coffee ("Starbucks"), will continue to open new stores and increase market share through providing quality food and beverage offerings coupled with efficient service levels. KRR and Starbucks will also drive customer loyalty and spending frequency through their loyalty cards, as well as engage consistently with customers via digital media.

The Group is rapidly expanding its KRR franchise overseas with 7 new KRR restaurants opened in Indonesia during the financial year under review, with plans to open another 12 to 15 new restaurants in the financial year 2014. In China, the Group plans to open 15 new stores at strategic locations in both Eastern and Southern China. Through Roasters Asia Pacific (HK) Limited, the Group is currently expanding the KRR brand into other international territories, namely India, Indochina countries such as Vietnam, Cambodia and Thailand, and Gulf countries in the Middle East region through franchising and joint ventures.

Starbucks is also aggressively expanding its business through new store openings and targets to open a total of 18 new stores with 8 drive-thru concept stores across Malaysia within the next financial year.

The Group's other food franchise businesses, Krispy Kreme Doughnuts, Wendy's and Papa John's Pizza, though still in their gestation stage, are aggressively expanding through new store openings, and promoting sales through innovative marketing campaigns and digital media engagement to reach out to existing and new customers. Papa John's Pizza will also open more Delivery Concept (DelCo) outlets to widen its reach and gain market share.

The Group's latest franchise acquisition, Jollibean Foods Pte Ltd, will open its first Jollibean kiosk in Kuala Lumpur in the third quarter of the financial year 2014, selling soya bean products and light snacks.



The first Jollibean kiosk will open in Kuala Lumpur in the third quarter of the financial year 2014.



KRR was awarded the Bronze medal – Food & Beverage category at the Putra Brand Awards 2013.



Starbucks Drive-Thru, Tanjung Tokong, Penang.

The Group's motor trading and distribution business is also rapidly expanding and is expected to continue to contribute positively towards the Group's growth and revenue. Bermaz Motor Sdn Bhd ("Bermaz") has been increasing its market share with the introduction of new Mazda car models, expansion of its sales network, as well as through aggressive sales and promotional activities. Bermaz is confident of achieving further growth in its sales volume and revenue for the next financial year by expanding its distribution network and increasing its range of completely knocked down (CKD) vehicles in Malaysia.

The Group's China car division will continue to build a reputation for distributing quality, reliable and affordable vehicles and provide excellent aftersales service to differentiate itself from other China car distributors in Malaysia. The division will expand its sales and service network to cover all major cities in Malaysia, enabling it to increase market share and offer more efficient customer service.

The Group will also continue to develop and expand its environmental services business. In addition to the award-winning Bukit Tagar Sanitary Landfill in Batang Berjuntai, Selangor, the Group, through BPJ-Berjaya Sdn Bhd, will be

constructing 3 sanitary landfills for the government in Sungai Udang, Melaka, Teluk Mengkudu, Perak and Rimba Mas, Perlis. BPJ-Berjaya will also put forth its proposal to the government to manage these 3 landfills after construction is completed. The Group has also established its presence overseas, especially in China, through its sanitary landfill and several water supply and wastewater treatment projects and will continue to grow this business there. The Group will also look at possibilities of developing this business in other countries in the region.

The stockbroking industry is faced with prolonged low retail trading volume and increasingly stiff competition. Notwithstanding this scenario, the Group's financial services arm, Inter-Pacific Securities Sdn Bhd expects to remain profitable for the current financial year ending 30 April 2014, with the overall trading volume in the stock market maintaining at current or higher levels.

In the education sector, Berjaya University College of Hospitality ("Berjaya UCH") will be focusing on new disciplines of undergraduate and postgraduate programmes as well as vocational skills courses to cater to market needs. Berjaya UCH will also establish various collaboration projects with national and international institutions through franchising or licensing opportunities, and actively pursue brand building strategies in order to augment its market positioning and differentiate itself from its competitors.

APPRECIATION

I would like to thank the management and staff for their dedication, hard work and commitment to the Group. I would also like to thank all our customers, business partners, financiers and regulatory authorities for their continued support and cooperation.

To all our shareholders, I wish to express my gratitude for your confidence, understanding and support to the Group.

To my fellow colleagues on the Board, thank you for your dedication, guidance and active participation on the Board and I look forward to your continued support.

DATO' ROBIN TAN YEONG CHING
Chairman / Chief Executive Officer

KUB-Berjaya Enviro Sdn Bhd scored a double award win at the Singapore Environmental Achievement Awards 2013.



Bermaz will introduce new Mazda models such as the Mazda Biante in the financial year 2014.

MANAGEMENT DISCUSSION & ANALYSIS

MARKETING OF CONSUMER PRODUCTS AND SERVICES

Cosway Corporation Berhad's ("Cosway") first establishment of the free store concept in its overseas markets in the previous financial year had successfully created excitement in the respective markets. The surge in revenue recorded in the previous financial year has now been normalised. As a result, Cosway group's revenue dipped 12% to RM1.43 billion from RM1.63 billion recorded in the last financial year.

Cosway recorded gross profit of RM657 million for the year ended 30 April 2013, as compared to RM683 million for the same period in 2012. Gross profit margin for the year under review improved to 45.9%, as compared to 41.8% in the previous year, primarily due to favourable changes in the product sales mix, particularly from the personal care and health care range of products.

Profit before tax registered a decline of 67.19% from RM121.6 million in the last financial year to RM39.9 million in the year under review due to lower revenue, high operating costs and provision made for stores closure.

Finance costs increased by RM3.0 million to RM11.4 million for the financial year under review due to higher average debt balance for the year ended 30 April 2013 as compared to the same period in 2012.

Cosway will step up its focus on revenue growth in the profitable and potential markets particularly in Malaysia, South East Asia and Greater China. New marketing strategies are being implemented to strengthen its business fundamentals with the objective of achieving sustainable shoppers' loyalty and preferences in the consumption and usage of Cosway's wide range of products. In the other markets which have been performing below expectation, rationalization exercises are being accelerated to improve their performances.

FINANCIAL SERVICES

Stockbroking

During the year under review, global markets were weighed down by concerns over the sovereign debt crises in Europe. Locally, the drawn-out period of anticipating the 13th General Elections sapped the enthusiasm of investors, resulting in prolonged low retail trading volumes on Bursa Malaysia Securities Berhad (Bursa Securities). The overall value of transactions traded on Bursa Securities decreased further by 3.84% to RM401 billion as compared to the already low traded value of RM417 billion in the previous financial year.

However, the FBMKLCI continued to rise, closing at 1,717.65 points on 30 April 2013, a 9.36% increase over the 1,570.61 points on 30 April 2012. This was mainly due to the trading activities and share price increases being concentrated on the large KLCI component stocks while many small and medium size stocks remained thinly traded with depressed prices.

Inter-Pacific Capital Sdn Bhd recorded a pre-tax profit of RM19.0 million for the financial year under review compared to a pre-tax loss of RM5.7 million in the previous financial year. The large positive variance was mainly due to the results of the previous financial year which included loss on fair value of investments of RM34.8 million.

Operating revenue declined to RM41.3 million from RM49.8 million in the previous financial year. The lower revenue was mainly due to the reduction in brokerage income, affected by the lower retail trading volume on Bursa Securities and the lower brokerage rates arising from stiff competition in



Cosway's range of Ecomax products.



SaigonBank Berjaya Securities Joint Stock Company, Vietnam.

the industry. Interest income from margin financing and other lending activities recorded an increase due to higher amount of lending and utilization by borrowers. Operating expenditure was maintained at approximately the same level as in the previous year due to various measures to control costs.

HOTELS AND RESORTS

The **Berjaya Hotels and Resorts Division (“BHR Division”)** owns and operates 17 hotels and resorts locally and internationally.

For the financial year ended 30 April 2013, the Malaysian-based properties performed better than the overseas properties. Overall, BHR Division registered a marginal increase of 4.6% in total gross revenue to RM295.0 million compared to RM282.0 million recorded in the previous year. In line with the revenue growth and coupled with prudent cost management, the BHR Division posted a marginal pre-tax profit of RM678,000 against a pre-tax loss of RM14.85 million incurred in the last financial year.

A better average room rate (“ARR”) was reported in most market segments with an increase of 5.8% compared to the previous year which resulted in an increase of 3.4% in the total room revenue. However, the marginal increase in ARR was not strong enough to offset the drop in room occupancy rate of 4.3% to about 56%, primarily contributed by an increase of 20% in room supply at Berjaya Langkawi Resort following the completion of the renovation of guestrooms. As a result, the revenue per available room (“RevPAR”) recorded a slight drop of 1.8% to RM166 compared to the previous year.

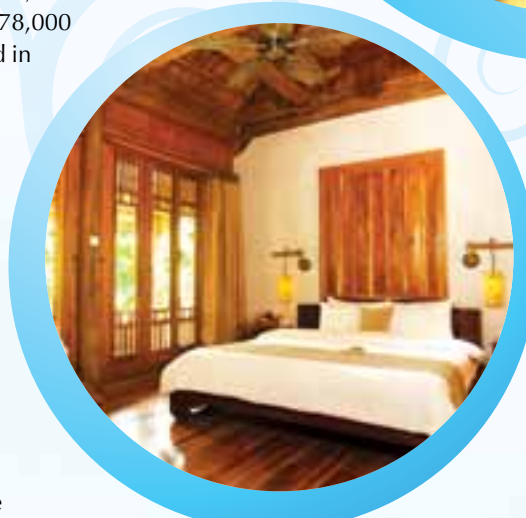
Malaysian Hotels & Resorts

The total gross revenue of BHR’s Malaysian-based properties rose by 9.2% to RM228.3 million compared to RM209.1 million in the previous year. The increase was primarily attributed to stronger contributions from Berjaya Langkawi Resort and Berjaya Times Square Hotel.

Overall, room occupancy declined slightly to 55% from 58% in the previous year due to the increase in net room inventory available for sale following the completion of the guestrooms renovation programme at Berjaya Langkawi Resort. The total room-nights sold were higher than last year due to the increase in room-night bookings from the Corporate FIT and Leisure FIT market segments. In total, the room revenue increased by 7.5%



Berjaya Langkawi Resort, Kedah.



Deluxe Room - Long Beach Resort Phu Quoc, Vietnam.

to RM137.6 million compared to RM128.0 million in the previous year. Whilst the majority of the operating costs remained broadly similar, the room’s profit conversion improved to 80.5% or RM110.8 million of room revenue. Despite a slight decrease of 3% in overall occupancy rate and a growth of 6.3% in ARR, the RevPAR performance remained the same as last year at RM157 due to increase in total room inventory.

The Chateau Spa & Organic Wellness Resort, a resort comprising 130 guestrooms and a state-of-the-art European style wellness spa, and Colmar Tropicale, a French-themed resort at Berjaya Hills, Pahang (“BHills Hotels”) registered an overall increase of 19.5% in total gross revenue, mainly from The Chateau Spa & Organic Wellness Resort. Occupancy rate has also risen slightly, but the revenue was still unable to cover the operating costs of the hotels.

BHills Hotels will continue to focus on improving their marketing strategies and enhancing their standards to improve customer experience and the revenue of the Group.

MANAGEMENT DISCUSSION & ANALYSIS

Overseas Hotels & Resorts

For the financial year under review, the performance of BHR's overseas properties declined with the exception of Long Beach Resort, PhuQuoc in Vietnam, mainly due to the renovation exercise carried out in Berjaya Hotel Colombo which resulted in a material reduction in sales. Furthermore, the impact from the European economic uncertainty and debt crisis had caused low tourist arrivals from its key market of Europe to Seychelles. The decrease in occupancy level as well as food and beverage revenue resulted in a drop in total gross revenue to RM66.7 million as compared to RM72.8 million in the previous year.

The total room-night bookings had reduced in all market segments mainly due to lower demand from Transient FIT, Leisure FIT and Corporate FIT market segments. As a result, the total room revenue decreased by 7.4% to RM45.2 million compared to RM48.8 million in the previous year. Occupancy level dropped by 8.3% to 60% resulting in a 7% decrease in RevPAR to RM200 from RM216 in the previous year, despite the marginal improvement of 5.8% in ARR performance.

Future Prospects

The global economic landscape is likely to remain challenging with the slower than expected recovery due to the slowdown in the Eurozone and major emerging market economies.

Despite the challenging global business environment, the Malaysian economy is expected to remain resilient supported by robust domestic demand and investments with the acceleration and implementation of various initiatives under the Economic Transformation Programme. The higher disposal income arising from better employment outlook, increasing tourist arrivals and receipts in tandem with Visit Malaysia Year 2014 are some of the factors expected to contribute positively to the overall business sentiments.

On this positive note and against a competitive business environment, BHR will continue to focus on maintaining its competitiveness and improve its presence by adopting aggressive marketing activities and diverse distribution channels, especially in Asia and East Asia markets. BHR's focus on distribution via internet booking through its website www.berjayahotel.com as well as traditional channels, and upgrading of the local hotels and resorts facilities will enable it to achieve better ARR and RevPAR and compete better with the other hotels in the same locations in the local market.

CLUBS AND RECREATION

The Clubs and Recreation Division ("The Clubs") operates five golf clubs and one equestrian club located in the Klang Valley, Nilai, Negeri Sembilan, Batu Pahat, Johor and Berjaya Hills, Pahang.



Colmar Tropicale, Berjaya Hills, Pahang.

Golf and equestrian are the core activities provided by The Clubs supported by other services such as sports facilities, dining outlets as well as banqueting facilities and event venue.

The Clubs have a total of 21,827 members, of which 11,276 are golf memberships and 10,551 are non-golf memberships. The Clubs registered an increase in revenue for the financial year ended 30 April 2013 to RM63.8 million compared to RM60.1 million in the previous year, resulting from the recognition of advance licence fees income of terminated memberships and an increase in monthly subscription fees effective August 2012.

The Clubs are currently undergoing renovation and upgrading of club facilities. However, the golf revenue was not significantly affected and was only slightly lower by 2% compared to the previous financial year due to a well-planned work schedule that ensured minimum disruption to the operations of The Clubs.

For the financial year ended 30 April 2013, The Clubs managed to reduce its pre-tax loss to RM771,000 compared to RM2.68 million incurred in the previous financial year. The pre-tax loss incurred during this financial year was mainly attributed to the renovation and upgrading cost of approximately RM1.0 million, and Berjaya Hills Golf & Country Club's revenue earned was still unable to cover its operating costs.

The next financial year ending 2014 will remain competitive and challenging for The Clubs. Moving forward, The Clubs plan to re-launch its membership programme targeting at the niche market after the completion of its renovation and upgrading exercise to increase and improve the quality of its membership base.



*Berjaya Tioman Resort
18-hole golf course, Tioman
Island, Pahang.*



Trade Point @ Berjaya Park, Shah Alam.



*Vasana 25, Seputeh Heights,
Kuala Lumpur.*

VACATION TIME SHARE

Berjaya Vacation Clubs Berhad ("BVC") operates and manages a vacation membership scheme which provides and coordinates holiday accommodation packages at holiday resorts in Malaysia.

Through the affiliation with Resort Condominiums International, BVC also offers accommodation packages at more than 4,000 resorts in over 100 countries spanning across Asia, Europe, Middle East and Africa, among others.

BVC reported a slight increase in revenue to RM10.21 million from RM9.93 million reported in the previous financial year mainly due to higher annual maintenance fees resulting from an increase in annual membership fees and rental income from members who required more rooms beyond their annual room entitlements.

Operating profit increased to RM2.83 million from RM1.78 million in the previous financial year due to lower resort maintenance expenses with the renewal of BVC's housekeeping contracts with more favourable terms and tighter control on room costs. In addition, a reduction in manpower and administration costs in line with the streamlining of operations towards online booking and communications has contributed to the higher operating profit.

The timeshare industry in Malaysia has generally reached its maturity stage with no major changes or new players coming into the industry. Barring any unforeseen circumstances, the timeshare segment is expected to maintain its operating performance.

PROPERTY DEVELOPMENT

The property development segment is engaged in the development of residential, township and commercial properties locally and internationally.

For the financial year under review, the **Property Division** registered sales turnover of RM392 million, an increase of 26.8% from RM309 million in the previous year on the back of higher sales volume generated from its projects developed in Klang Valley, Malaysia.

Property development activities contributed approximately 90% of the overall revenue of the Property Division. Revenue for the financial year under review increased 53.7% to RM314.4 million compared to previous year's revenue of RM204.6 million. The increase was attributable to higher new sales recorded at recent launches of projects like KM1 East and West Condominiums at Bukit Jalil, corporate suites in Menara Bangkok Bank @ Berjaya Central Park, villas in Vasana 25 at Seputeh Heights, and two- and three-storey shop offices in Trade Point at Berjaya Park, Shah Alam.

The developments at Bukit Jalil and Menara Bangkok Bank @ Berjaya Central Park were the key contributors, accounting for 79% of the total revenue. With easy accessibility and well-planned overall development, Bukit Jalil is becoming more established as a sought-after property location in Klang Valley for discerning purchasers looking for property for their own stay as well as for investment. The Division's most recent project, KM1 East, offers luxury in terms of unit size and finishes, making headway into the higher-end condominium market.

MANAGEMENT DISCUSSION & ANALYSIS

The corporate suites at Menara Bangkok Bank @ Berjaya Central Park attracted another major anchor owner. An international insurance company has signed on to take up six levels of the corporate suites. Construction at the site is progressing on schedule and is expected to be completed by mid-2014. Menara Bangkok Bank @ Berjaya Central Park is expected to generate a total gross development value ("GDV") of RM576 million for the Division.

In contrast to Malaysia, the general business environment in Vietnam remains weak and sluggish, reflected in the slow property market and lower margin with pressure on property prices. Overall, the Division is taking a cautious view on Vietnam.

In Jeju, South Korea, infrastructure works for the entire 183-acre site for Jeju Resort Airst City has been completed. Construction on Phase 1 Gotjawal Village has commenced in the third quarter of 2013 and would be opened to the market for sales by the second half of 2014. The groundbreaking ceremony for Gotjawal Village was held on 7 March 2013. Jeju Airst City won the Five-Star Award for Best Leisure Development in South Korea at the International Property Awards (IPA) 2013. The project also garnered international recognition with award wins from MIPIM World 2012, MIPIM Asia 2012 and also the Prime Minister's Citation for Recycling Construction Waste (Korea).

Meanwhile, in Kyoto, Japan, the proposed development of a luxury hotel is expected to commence in the last quarter of 2014. The Group is in the process of obtaining various approvals and permits for the construction from the local authorities of Kyoto.

Over in Hebei Province, China, the construction of the first phase of the Great Mall of China comprising 3 indoor theme parks and a shopping mall is scheduled to be completed in the second quarter of 2014.



The signing ceremony with Four Seasons Hotels and Resorts for the management of a luxury hotel development in Kyoto, Japan on 19 September 2012.



The Mobius residential property – Jeju Airst City, Jeju Island, South Korea.

There was a significant improvement in both the gross margin and operating profits for the financial year under review as compared to the same period of last year, largely due to improved property sales.

Future Projects

The property market outlook next year is expected to be positive, buoyed by renewed confidence post general election, a strong GDP growth rate and the Government's various economic transformation projects. The residential property sector will remain as the main driving force of the property market.

In Bukit Jalil, the Division will be launching The Link 2, a proposed mixed development project in the fourth quarter of 2013. Phase 1 over a land area of 4.75 acres will comprise 22 units of 4- and 6-storey shop offices, 183 units of street mall commercial lots, food court and 539 units of residences. The project is expected to yield a GDV of RM500 million.

The Division plans to launch the "Build and Sell" concept with 220 units of 3-bedroom apartments at Berjaya Park, Shah Alam, currently under construction and targeted to be completed by October 2014. The total GDV for this development is RM43.7 million.

The Division has also acquired five parcels of land totaling 8.9 acres for the expansion of the development of Seputeh Heights. Phase 1 of the development comprising 12 bungalow lots with an average size of 10,428 sf is expected to be released to the market in the fourth quarter of 2013. Based on an average selling price of RM500 psf, the development will result in a GDV of RM62.5 million.

In Penang, the development of 57 acres of land acquired from Penang Turf Club is targeted to kick off by the first quarter of 2014. Jesselton Villas, a low density bungalow land development of 233 units with sizes ranging from 5,964 sf to 27,122 sf is poised to be an exclusive residential development for the elite and affluent market. The Property Division expects an estimated GDV of RM880 million from this development.

The local property market sentiment next year is expected to be challenging due to the stricter lending guidelines imposed by Bank Negara Malaysia and the increase in Real Property Gains Tax to further curb speculative buying and drastic rise in property prices. The residential property sector will remain the main driving force of the property market with landed properties, gated and guarded units commanding premium prices, while reasonably priced condominiums and apartments at strategic locations would continue to draw interest. The residential property market is also expected to gravitate towards more affordable properties in line with the government's effort to promote first time home ownership among young buyers.

MANAGEMENT DISCUSSION & ANALYSIS

With this scenario, the Property Division is optimistic that the demand for residential properties will remain strong particularly at strategically located areas with close proximity to high-level infrastructure projects such as the proposed Mass Rapid Transit and Light Rail Transit extension lines. The Property Division will continue to roll out the various development projects in the pipeline during the next financial year and is confident that its strategically located development projects at Bukit Jalil and around the Klang Valley will continue to enjoy good sales performance buoyed by good capital appreciation of its completed projects.

PROPERTY INVESTMENT

The **Property Investment Division** owns and manages 4 commercial properties, comprising Plaza Berjaya, Wisma Cosway, and Kota Raya Complex in Kuala Lumpur and Berjaya Megamall in Kuantan. Collectively, the properties achieved an average occupancy rate of 91% during the financial year under review as compared to 88% in the previous year.

The Property Investment Division registered a marginal increase in revenue to RM29 million compared to RM27.9 million in the previous year primarily attributed to higher occupancy rates and rental rates at Plaza Berjaya and Kota Raya Complex.

Operating profit had correspondingly increased with the increase in revenue.

The Group's complexes in Kuala Lumpur are expected to remain resilient despite stiff competition from the growing number of complexes in the Klang Valley. With its strategic locations within the city centre of Kuala Lumpur and easy accessibility, the Group's complexes will continue to perform well.

GAMING

The toto betting and related activities business segment of the Group is operated via **Berjaya Sports Toto Berhad ("BToto")**. BToto is principally engaged in the operations of Toto betting, leasing of on-line lottery equipment, and the manufacture and distribution of computerised lottery and voting systems. BToto's other business segments include operation of a hotel as well as a health and fitness centre. BToto has three main operating subsidiary companies, namely **Sports Toto Malaysia Sdn Bhd**, **Berjaya Philippines Inc.** and **International Lottery & Totalizator Systems, Inc., USA**.

For the financial year under review, BToto registered a marginal increase in revenue of RM3.63 billion from RM3.61 billion in the previous year. BToto's pre-tax profit decreased 1.66% to RM569.53 million from RM579.15 million in the previous financial year mainly due to higher operating expenses incurred



Berjaya Megamall, Kuantan, Pahang.



Sports Toto's games include the 4D Jackpot.

by BToto during the financial year ended 30 April 2013. The decrease, however, was mitigated by the gain on disposal of certain quoted and unquoted investments in the financial year under review.

Malaysia

Sports Toto Malaysia Sdn Bhd ("Sports Toto"), the principal operating subsidiary of BToto, operates approximately 680 outlets throughout the country, offering 7 games namely Toto 4D and Toto 4D Jackpot, Toto 5D, Toto 6D, Mega Toto 6/52, Power 6/55 and Supreme Toto 6/58 which are drawn three days in a week.

For the financial year ended 30 April 2013, Sports Toto, recorded revenue of RM3.442 billion compared to the previous year's revenue of RM3.432 billion. Despite having to face increased competition during the year, SportsToto continued to remain as the market leader among all Number Forecast Operators in the country in terms of total revenue for the financial year under review.

Pre-tax profit increased by 7.7% to RM561.7 million compared to RM521.6 million in the previous financial year. The higher pre-tax profit was due to an exceptional capital gain of RM26.8 million from the disposal of subsidiaries pursuant to an internal restructuring as well as lower prize payout in the financial year under review.

As a result of the above, profit after tax recorded an increase of 8.5% to RM413.9 million compared to RM381.4 million in the previous financial year. The higher profit after tax margin of 12.0% compared to 11.1% in the previous financial year was mainly due to a lower effective tax rate as a result of non-taxable capital gain from the disposal of subsidiaries pursuant to an internal restructuring as well as lower prize payout in the financial year under review.

MANAGEMENT DISCUSSION & ANALYSIS



A lotto outlet in the Philippines.

Philippines

BToto operates in the Philippines through its subsidiary company, **Berjaya Philippines Inc. ("BPI")** listed on the Philippine Stock Exchange. Its wholly-owned subsidiary company, Philippine Gaming Management Corporation ("PGMC"), is involved in the business of leasing on-line lottery equipment and providing software support for the Philippine Charity Sweepstakes Office ("PCSO"), a Philippine government agency responsible for lottery and sweepstakes in the Luzon Region.

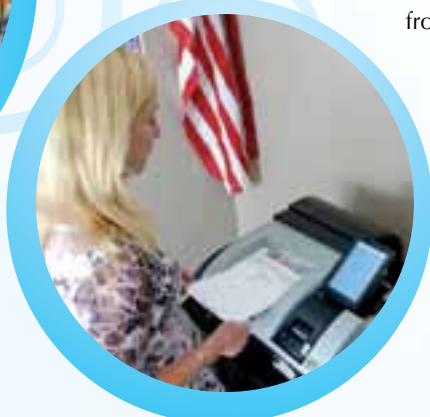
BPI recorded a 1.8% increase in revenue to Peso2.12 billion from Peso2.08 billion in the previous financial year due to revenue increase from PGMC and additional revenue from its other subsidiary, Perdana Hotel Philippines Inc. ("PHPI") which operates Berjaya Makati Hotel, Philippines.

PGMC recorded revenue of Peso1.97 billion as compared to Peso1.94 billion in the previous financial year mainly from an increase in the sales of lotto and digit games by PCSO. PHPI also reported an increase of 4.2% in revenue to Peso146.4 million in the financial year under review from improvement in sale of hotel rooms nights.

BPI reported higher pre-tax profit of Peso1.41 billion as compared to Peso1.40 billion in the previous year. Gain on sale of certain quoted investments was offset by higher expenses during the financial year under review.

PGMC's pre-tax profit decreased by 6.2% to Peso1.31 billion mainly due to higher indirect expenses including charitable donations made to Gawad Kalinga Community Development Foundation, Inc. for the construction of houses for the poor community in various parts of the country.

PHPI also reported lower pre-tax profit of Peso3.2 million, a reduction of about 75.5% from the previous financial year



A voter casts a ballot using the OpenElect Voting Optical Scan in the USA.

mainly due to higher expenses. During the financial year, PHPI added another 33 rooms and also refurbished certain floors in the hotel.

Overall, BPI Group reported a corresponding higher profit after tax in the financial year under review due to the factors mentioned above as well as the lower income tax resulting from a drop in other income.

The United States of America

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

Revenue recorded for the financial year under review was USD10.57 million compared to USD12.08 million in the previous financial year. The decrease was mainly due to lower turnkey lottery system sales, decreased contract activities in the voting segment and lower spare part sales, compared to the previous financial year.

ILTS' pre-tax profit increased to USD1.55 million from USD1.25 million in the previous financial year. Profit after tax doubled to USD 3.1 million mainly due to tax benefits of USD1.5 million as a result of recognition of deferred tax asset in relation to valuation allowance for the financial year under review, compared to USD25,000 income tax provision reported in the previous financial year.

Future Prospects

The growth of the Number Forecast Operator business is closely linked to consumer spending and disposable income of its customers. In this context, any growth in the country's economic climate is bound to have a positive impact on Sport Toto's performance. With its extensive network of outlets in Malaysia and variety of games offered, opportunities exist for Sports Toto to tap further revenue growth. In addition to the ongoing marketing efforts to increase its revenue and its market share, Sports Toto will also continue to improve on its operating efficiency and customer service to ensure long term success of the business.

For the on-line lottery leasing segment, PCSO will introduce additional new digit games which will generate more excitement to punters and is anticipated to have a positive impact on revenue. The hotel segment is expected to grow steadily with higher tourist arrivals and campaigns by the Department of Tourism of the Philippines to attract more foreign and domestic tourists will contribute positively to BToto's revenue.

ILTS will continue to examine new and emerging technologies based upon current industry developments with the intention to increase its customers' market share, to stay competitive in the market and to explore new markets where its core competencies can be applied. ILTS dedicates its efforts to applying cutting-edge technology and developing innovative and secure voting solutions.

Overall, BToto anticipates the Number Forecast Operator sector to be resilient and Sports Toto is expected to maintain its market share in the business. In addition, with the expected completion of the proposed listing of STM-Trust on the Singapore Stock Exchange in the third quarter of financial year ending 30 April 2014, BToto will continue to consolidate the earnings from Sports Toto for the financial year ending 30 April 2014 subject to certain dilution effect arising from the proposed public issue and proposed placement of STM-Trust units pursuant to the Proposed Business Trust.

MOTOR TRADING AND DISTRIBUTION

Bermaz Motor Sdn. Bhd. ("Bermaz") is principally involved in the distribution and retailing of Mazda vehicles and provision of after sales services for Mazda vehicles through its own branches and third party dealers in Malaysia. Its Philippines subsidiary started operations in January 2013 and is principally involved in the distribution of Mazda vehicles through third party dealers. During the financial year, Bermaz distributed 11 Mazda vehicle models with a total of 23 variants to suit different market segments.

Bermaz's revenue increased by 60.4% from RM663.6 million in the previous financial year to RM1,064.3 million for the financial year ended 30 April 2013. This increase was mainly attributable to the improvement of Bermaz's total sales volume in Malaysia from 5,909 units in the previous financial year to 8,142 units this year. The improved sales volume in Malaysia mainly came from higher sales of the CX-5 and BT-50 models.

The CX-5 model received good response since it was first launched in April 2012 and contributed 2,553 units or 31.4% of Bermaz's total sales volume in Malaysia for the financial year ended 30 April 2013. The sales volume of the BT-50 model in Malaysia increased 342.9% from 140 units last year to 620 units this year. However, the sales volume of the Mazda2 model declined from 2,079 units last year to 1,317 units this year due to strong competition in the B-Segment of the market (generally

referred to as the small-sized cars segment). There were many new B-Segment cars that were launched by Bermaz's major competitors during the financial year under review.

The new operation in the Philippines has also partly contributed to the increase in the overall sales of the motor division's revenue. During the 4 months of operation in financial year ended 30 April 2013, the Philippines subsidiary sold 657 units of Mazda vehicles.

In line with higher revenues, Bermaz's cost of sales increased by RM356.7 million or 62.7% from RM568.6 million last year to RM925.3 million for financial year ended 30 April 2013. Gross profit also increased by 46.3% from RM95.0 million last year to RM139.0 million for the financial year under review.

Bermaz's gross profit margin declined to 13.1% compared to 14.3% recorded in the previous financial year. The lower gross profit margin was mainly attributed to the run-out programme on the Mazda6 model where higher sales discounts were given to customers for stock clearance, and the introduction of the 5-year free maintenance service and warranty packages for the Mazda3 CKD, Mazda5, CX-7, Mazda8 and CX-9 models to ensure that Bermaz remains competitive in these segments of the market. The Mazda6 run-out programme was necessary because of the new Mazda6 Skyactiv model launch.



Mazda8.

Bermaz's operating profit increased by 33.5% from RM57.6 million in the previous year to RM76.9 million for the year under review, mainly due to higher gross profit that was partly offset by higher marketing expenses, as well as higher administrative and operating expenses. The higher expenses were in line with Bermaz's plan to increase market share and were mainly due to an increase in advertising and promotion expenses, demo car expenses, sales incentives, rental and staff costs.

During the financial year, Bermaz carried out more road shows in major shopping malls and placed more advertisements in major newspapers. Bermaz also registered more demo cars for test drive purposes and initiated more sales incentive plans for its dealers and salesmen. In line with its expansion plan, Bermaz has relocated its head office to a bigger premise and increased its manpower in order to provide better services to its customers.

MANAGEMENT DISCUSSION & ANALYSIS

Profit before tax increased by 27.7% from RM55.3 million in the previous year to RM70.6 million for the financial year ended 30 April 2013 mainly attributed to the increase in total revenue that was partly offset by higher marketing, operating and interest expenses. The higher interest expense was mainly due to higher utilization of bank borrowings to finance the purchase of Mazda vehicles which is in line with Bermaz's sales revenue growth.

Future Prospects

Moving forward, Bermaz's main emphasis is to expand its distribution network, and upgrade its own and dealers' existing sales and after sales centres. The growth of its sales volume will be in line with the increase in the number of retail and service outlets. Having built the Mazda brand awareness and visibility for the past five years, Bermaz is confident that its growth prospects will be good, especially considering the technological advancement of Mazda vehicles i.e. Skyactiv technology, and also the contemporary and innovative design concept. Bermaz's expansion plan will entail higher expenditure in its operations, especially in advertising and promotions, and sales incentive expenses. With the increase in retail activities, human resource and training expenses are also expected to increase due to the need to increase manpower.

The Mazda CKD vehicles are assembled by an associated company, Mazda Malaysia Sdn Bhd ("Mazda Malaysia") for the local and export market, starting with Thailand. With the introduction of a wider range of Mazda CKD vehicles and export of locally assembled Mazda CKD vehicles, Mazda Malaysia will be able to achieve economies of scale as production volume is expected to increase and thus lowering production cost per unit. This will allow the Mazda CKD vehicles to be priced

more competitively and consequently, boost the demand as well as sales of Mazda CKD vehicles in Malaysia. As part of its CKD programme, Mazda Malaysia utilises parts that are both imported from Japan and sourced from local suppliers, with the aim of progressively increasing the percentage of local contents in the Mazda CKD vehicles. This will indirectly reduce the cost of Mazda CKD vehicles, thus making them more affordable to a larger segment of Malaysians and increase Bermaz's competitiveness in Malaysia.

China Car Division

The China Car Division is held under **Changan Berjaya Auto Sdn Bhd ("CBA")** and **Berjaya Brilliance Auto Sdn Bhd ("BBA")**. The China Car Division distributes Changan and Jinbei vehicles and operates after sales service centres through its own branches and third party dealers in Malaysia.

CBA distributes the ERA Star Pick-up SC1022 commercial vehicle, targeting petty traders and the Small & Medium Enterprise (SME) market in association with its Principal Manufacturer, Changan International Corporation Vehicles from China.

BBA distributes the ERA Jinbei commercial van with a few variants in association with its Principal Manufacturer, Shenyang Brilliance Jinbei Automobile Co. Ltd from China.

The China Car Division registered an increase in revenue of 18.38% to RM29.15 million as compared to the previous financial year mainly due to improvement in sales volume from both CBA and BBA. CBA sold 304 units this year, an improvement from 161 units in the previous financial year, while BBA sold 342 units, from 333 units in the previous financial year.

The ERA Star pick-up model received good response since it was first sold in September 2011 and contributed 47.1% of total sales volume for the financial year under review. The introduction of the Diesel Engine variant in October 2012 to the market had helped to improve sales volume of the Era Jinbei vans.

Gross margin decreased to 22% compared to 25% recorded in the previous financial year mainly due to the higher sales discount given to customers for the ERA Jinbei model. The higher sales discount was needed to maintain market share in the van segment and reduce stock levels. However, gross profit still increased by 5.38% from RM6.0 million in the previous year to RM6.3 million for the financial year under review mainly attributed to higher revenue.



The Mazda6 comes in 5 colour variants.



Era Jinbei commercial van.

Operating profit improved from a loss of RM2.99 million in the previous financial year to a profit of RM4.59 million in this financial year, mainly due to lower stocks impairment and higher number of vehicles sold during the financial year.

Profit before tax also improved to RM3.40 million from a loss of RM3.84 million in the previous year. Profit after tax recorded an increase to RM3.52 million from a loss of RM4.71 million in the previous year. The profit increases were mainly attributed to the increase in number of vehicles sold, reversal of overstated spare part costs in the previous financial year, reversal of provision for excise duty amounting to RM515,000 and the reversal of over provision for warranty claims of RM2.1 million for the Jinbei vehicles.

The higher finance cost in the financial year under review was mainly due to higher interest charge on inter-company loans to finance the purchase of vehicles.

Future Prospects

The China Car Division will continue to improve with the support given by the Principal Manufacturers from China. The Division will introduce new models in the foreseeable future to complement its current range of products.

The Division will continue to build a reputation for distributing quality, reliable and affordable vehicles and provide excellent aftersales service to distinguish itself from other China Car Distributors in Malaysia. It will expand its sales and service network to cover all major cities in Malaysia, thus enabling it to provide better customer service, and in turn, achieve better customer satisfaction.



Berjaya UCH offers undergraduate and post-graduate programmes.

EDUCATION

Berjaya Higher Education Sdn Bhd (“BHE”), which operates **Berjaya University College of Hospitality (“Berjaya UCH”)**, commenced operations in January 2009. For a young niche university college, Berjaya UCH has created a strong awareness in the local market and is looked upon by many established educational institutions as a major industry player especially in the Culinary and Hospitality Courses.

BHE has been more aggressive in its marketing activities for the financial year under review compared to previous years, venturing into TV media by collaborating with Asian Food Channel to promote Berjaya UCH. Revenue for the financial year surged by RM8.8 million, 77% higher than in the previous financial year, mainly due to increase in student enrolment, conducting of government-funded projects, and summer/winter camps for students from Korean universities which contributed an additional RM1.7 million of income.

Overall operating costs were 13% higher than in the previous financial year. The increase in cost of sales by RM0.6 million in the financial year under review, 9% higher than the previous financial year, was mainly due to higher academic staff costs, increase in modules for existing programmes at advanced levels which require more teaching staff, as well as the introduction of new programmes such as Diploma in Golf Management, Intensive English Programme, and Diploma in Patisserie, among others.

With the consistent growth and potential of the education market, BHE is confident that it will perform better in the future. The costs incurred for supporting each student has reduced substantially from RM28,000 per student in the previous year to RM20,000 per student in the financial year under review, indicating that BHE is starting to benefit from economies of scale.

Future Prospects

BHE will focus on specialised programmes and pathways based on market trend and needs of the students. New disciplines of undergraduate programmes, post-graduate programmes and vocational skills courses will be developed to cater to market needs. In addition to this, various collaboration projects will be established with national and international institutions using the franchise/licence approach.

A differentiation strategy will also be deployed by offering unique selling points to the students such as immersion methodology, job priority, student attributes and learning outcome. Industry links will also be important to differentiate BHE from its competitors in terms of internship or job placement for its students. BHE will also concentrate on brand building to augment its market positioning.

MANAGEMENT DISCUSSION & ANALYSIS



KRR outlet in Berjaya Times Square, Kuala Lumpur.



KRR's variety of side dishes.

BROasters' profit before tax decreased to RM15.4 million from RM16.3 million in the previous financial year. Although sales increased during the financial year, profit before tax registered a decrease of 2.8% compared to the previous financial year, mainly due to higher operating costs and lower sales growth from existing restaurants.

BROasters will continue with its outlet expansion strategy to add 12 to 15 more outlets, especially in secondary townships. It will also expand its delivery and catering business.

PT Boga Lestari Sentosa ("PT Boga")

PT Boga in Indonesia was incorporated in June 2006 to manage the development and operation of the KRR chain of restaurants in Java Island. PT Boga is currently operating 16 KRR restaurants across Indonesia in Surabaya, Medan, Jakarta, Tangerang, Cibubur and Bogor.

PT Boga registered a revenue increase of 64% from RM6.9 million in the previous financial year to RM11.3 million in the financial year ended 30 April 2013. The increase was mainly due to the opening of 7 new outlets during the financial year, from 9 outlets in the previous year.

Loss before tax increased to RM2.8 million for the financial year under review compared to the previous financial year of RM1.4 million loss mainly due to start up costs from opening new outlets.

The food and beverage industry in Indonesia has become very competitive and challenging due to the presence of many local food and beverage players, many of whom are also venturing into international franchise businesses. Despite these challenges, PT Boga will strive to achieve further growth through the opening of new restaurants, the introduction of new and varied food offerings and more aggressive marketing and promotional activities in the financial year 2014.

Jollibean Foods Pte Ltd ("Jollibean Foods")

Jollibean Foods, a wholly-owned subsidiary of BFood, holds the sole and exclusive worldwide rights to develop, operate and manage all outlets, stalls and kiosks under the brand names of "Jollibean", "Sushi Deli", "Kopi Alley", "DanGo" and "JFreeze by Jollibean".

FOOD & BEVERAGE

Berjaya Food Berhad ("BFood")

For the financial year ended 30 April 2013, **BFood** registered a higher revenue of RM121.92 million as compared to revenue of RM88.60 million in the previous year. Pre-tax profit increased to RM21.40 million from RM14.64 million in the previous year. The higher revenue was mainly due to higher sales recorded as a result of additional Kenny Rogers Roasters ("KRR") restaurants operating in the financial year under review, the full effect of consolidating the revenue of PT Boga Lestari Sentosa ("PT Boga") in Indonesia, and the consolidation of revenue (effective December 2012) of Jollibean Foods Pte Ltd ("Jollibean Foods") in Singapore. The increase in pre-tax profit was mainly due to the share of results from Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") for the period from July 2012 to April 2013.

Berjaya Roasters (M) Sdn Bhd ("BROasters")

BROasters is a wholly-owned subsidiary of Berjaya Food Berhad ("BFood"). Incorporated in 1994, BROasters is the master franchisee for the KRR chain of restaurants in Malaysia. BROasters operates a total of 79 KRR restaurants across Malaysia with at least 15 more restaurants in the pipeline for nationwide expansion in the year 2013 and 2014.

Revenue for BROasters increased by 11.28% to RM95.7 million in the financial year ended 30 April 2013 mainly due to the opening of 9 new restaurants during the financial year.

For the financial year ended 30 April 2013, BFood consolidated about 5 months of the results of Jollibean Foods. Jollibean Foods has 45 outlets in Singapore and is in the midst of opening 3 to 5 outlets in Malaysia. The first Jollibean kiosk in Kuala Lumpur is expected to open in the third quarter of the financial year 2014.

Jollibean Foods will continue to expand on its product offerings, and standardize its operational procedures to improve on food production and quality.

Berjaya Starbucks Coffee Company Sdn Bhd (“BStarbucks”)

BStarbucks is 50%-owned by BFood whilst the remaining 50% equity interest is held by Starbucks Coffee International, Inc. Share of profits of BStarbucks by BFood was RM9.05 million for the financial year under review. BStarbucks currently has more than 146 Starbucks outlets across Malaysia, an increase from 124 in the previous year. It has 5 drive-thru outlets which are located in Shah Alam, Cyberjaya, Serdang, Johor Bahru, and Penang, and opened its first suburban outlet in Seri Manjung, Perak in 2012.

BStarbucks will continue to strive to achieve a double digit profit growth with plans to open new outlets, and targets sales growth of more than 10% for its existing outlets. BStarbucks’ expansion plans include the introduction of new concept stores such as its drive-thru outlets, and strategic programmes aimed at increasing revenue such as its Summer Happy Hours and Ramadan “Buy One Get One” promotions, and the introduction of innovative food and beverage product offerings. BStarbucks will focus on the Starbucks Card to create brand loyalty and encourage frequency visits to its outlets. It will also engage with customers through e-commerce, e-gifting and social media channels to increase brand affiliation.

Roasters Asia Pacific (Hongkong) Limited (“RAP”)

RAP is the holding company of KRR International Corp, which holds the worldwide franchise rights for the KRR brand. KRR International Corp is a wholly-owned subsidiary of BCorp.

For the financial year ended 30 April 2013, RAP registered an increase of 68% growth in revenue as compared with the previous financial year. The increase was mainly due to an increase in the number of new stores in the markets it is currently operating in, with 159 stores in 2013 as compared to 135 stores in 2012.

RAP’s performance will continue to improve with the growth of new stores in its current markets, and also in new markets it is planning to penetrate in the next financial year 2014. RAP is currently moving into other international territories, namely India, Indochina countries such as Vietnam, Cambodia and Thailand, and Gulf Countries in the Middle East region through franchising and joint ventures.



A Jollibean outlet in Singapore.



Starbucks’ Blonde Roast coffee beans.

With the development plan committed by its franchisees, RAP’s performance will continue to be positive in the future.

Kenny Rogers Roasters Catering (Shenzhen) Company Limited (“KRR SZ”)

KRR SZ was established in March 2011 to set up and operate the Kenny Rogers Roasters (“KRR”) chain stores in China. The head office is located at Futian District in Shenzhen.

Its development strategy for the first 5 years is to focus on opening more KRR stores in both Eastern and Southern China, especially in Shanghai, Nanjing, Guangzhou and Shenzhen areas.

For the financial year under review, KRR SZ recorded an increase in revenue of 1,145%, mainly due to the increase in the number of stores operating in the financial year under review.

MANAGEMENT DISCUSSION & ANALYSIS

KRR SZ will continue to create exciting food and beverage offerings to entice both new customers and also encourage repeat business. KRR SZ will use social media sites such as Weibo.com, Dianping.com, Checkoo.com and various discount coupon websites as a promotional tool to further promote the KRR brand in China. KRR SZ will also put greater emphasis on training programmes related to product quality and customer service.

Berjaya Papa John's Pizza Sdn Bhd ("BPJP")

BPJP opened its first restaurant in Berjaya Times Square on 8 January 2009. Since then, BPJP has opened a total of 20 stores in the Klang Valley, Ipoh and Melaka.

For the financial year ended 30 April 2013, BPJP recorded a revenue of RM16.14 million, an increase of 31% from RM12.36 million in the previous year, with 7 new stores opened during the year. BPJP had recorded a loss in the financial year under review mainly due to start-up costs of opening new stores.

BPJP is operating in a very challenging environment where stronger competitors have a longer history and larger market share. In order to compete with the other pizza chains in the market, BPJP plans to increase market share and gain a wider customer reach through the opening of more 'Delivery Concept' (DelCo) outlets within the next 5 years. It will also expand its existing outlet network in key market areas, and increase its advertising and promotion campaigns to generate new and repeat customer visits.

In the Philippines, **Berjaya Pizza (Philippines), Inc ("BPP")** also recorded improvement in revenue from the opening of 11 new stores while its operating loss was due to start-up costs from the expansion of operations.

In executing new store openings, BPP will build only on retail trade areas that have the market to sustain its stores and concentrate on smaller store builds. BPP will also work out a turnaround plan for its existing stores, build transaction counts and sustain double digit like-for-like sales growth in the next three years. With this, BPP targets to reach a breakeven level of sales in three years.

Wen Berjaya Sdn Bhd ("Wen Berjaya")

Wen Berjaya's revenue for the financial year ended 30 April 2013 was RM11.67 million, an increase of 19% compared to RM9.79 million in the previous year due to the opening of 2 new stores. The increase was mainly contributed by the KLCC store which was opened on 30 September 2012. The total number of stores stood at 9 for the financial year under review.

Under its 5-year development plan, Wen Berjaya targets to open at least 5 new stores per year focusing on high traffic sites such as airports, theme parks, food courts, and stand alone drive-thru stores. Wen Berjaya will also increase revenue and market share by introducing new and innovative products as well as exciting offers through aggressive marketing campaigns. With the opening of more stores, Wen Berjaya expects its losses to decline as it continues to achieve economies of scale.

Berjaya Krispy Kreme Doughnuts Sdn.Bhd ("BKKD")

BKKD operates 7 Krispy Kreme Doughnuts outlets in Malaysia. During the financial year under review, BKKD registered revenue of RM4.87 million, an increase of 18% from RM4.11 million in the previous year, mainly due to the opening of its new outlet at Setia City Mall on 17 May 2012 which contributed 43.6% of total revenue. Aggressive marketing campaigns and seasonal promotions such as 12.12.12, Christmas, and Valentine's Day, among others, also contributed to the increase in revenue.

BKKD registered a small loss during the financial year mainly due to high operating costs from the purchase of imported materials and opening of its new outlet.



Papa John's Pizza.



Wendy's signature burger - Dave's Hot 'N Juicy cheeseburger.

RU Café Sdn Bhd (“RU Café”)

RU Café operates the Rasa Utara restaurants in Malaysia, offering authentic Malay cuisine with a Northern inspiration in a casual fine dining setting at affordable prices. RU Café opened 3 new outlets at Shaftsbury Square, Galeria PJH and Mid Valley Megamall during the financial year compared with only 1 outlet operating in the previous year.

RU Café will focus on increasing its outlet network in the Klang Valley to create more brand awareness which will ultimately help in its sales growth. It will also widen its menu offerings by introducing more varieties of authentic Northern Malay cuisine, in order to attract a higher number of new customers.



Krispy Kreme's chocolate doughnuts.



Rasa Utara restaurant at Berjaya Times Square, Kuala Lumpur.

ENVIRONMENTAL AND CLEAN TECHNOLOGY SERVICES

KUB-Berjaya Enviro Sdn Bhd (“KBE”)

KBE is principally engaged in the treatment of solid waste, design, construction, operation, management and maintenance of sanitary landfills, and contract activities. KBE's main services are the solid waste disposal facility development and management of the Bukit Tagar Sanitary Landfill (“BTSL”). The BTSL currently receives an average of 2,656 tonnes of municipal solid waste per day from Kuala Lumpur City and the Selayang District in the state of Selangor. BTSL is located approximately 50km from Kuala Lumpur and is accessible from the North-South Expressway through the purpose-built Bukit Tagar interchange.

KBE has also developed a landfill gas management system to undertake proper management and treatment of methane gas produced from the landfill. KBE derives further commercial value from the landfill gas management system by generating additional revenue through partaking in the Clean Development Mechanism (CDM) scheme under the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC), enabling KBE to earn carbon credits by reducing its carbon footprint. Under this scheme, landfill gas is channelled into gas flares which principally flare off the methane, thus earning carbon credits from the UNFCCC Secretariat. The carbon credits are subsequently sold to other CDM participants. KBE also derives revenue through the supply of green energy to the national grid, Tenaga Nasional Berhad (TNB). Methane is used to run the gas engine to produce electricity, which is sold to TNB under the Feed-in Tariff scheme. To this end, a 100% subsidiary, KUB-Berjaya Energy Sdn Bhd, was incorporated in 2006.



Bukit Tagar Sanitary Landfill was the only waste-to-energy project granted the ASEAN Renewable Energy Award (On-Grid Category) from the Asean Centre for Energy in 2012.

For the financial year ended 30 April 2013, KBE achieved revenue of RM46.9 million, an increase of RM11.6 million or 33% from RM35.3 million recorded in the previous financial year. The higher revenue was mainly attributed to the higher tipping fees in Phase 2 which only came into effect on 1 January 2012.

In tandem with the higher revenue and higher profit margin derived from the new tipping rate, profit before tax in the financial year under review increased to RM26.0 million as compared to RM14.1 million in the previous year. The higher profit was mainly contributed by the increase in tipping fees as well as the 3rd and 4th Clean Development Mechanism (CDM) Claim for the period of 1 January 2011 to 31 December 2011, which amounted to RM8.6 million.



Ground breaking ceremony of the Xinan Jinben Wastewater Treatment Plant in Sanshui District, Foshan City, People's Republic of China.



The sanitary landfill in Sanshui District, Foshan City, People's Republic of China.



Renewable Energy Centre at Bukit Tagar Sanitary Landfill, Selangor.

KBE's future plans include securing more private waste customers to increase waste volume; improving on operational efficiency to achieve higher profit margin; exploring additional income streams from the existing business, and sourcing for new landfill projects.

Berjaya Engineering Construction Sdn Bhd ("BEC")

BEC's principal activities are project management and construction, sanitary landfill management and solid waste management services. BEC is also engaged in a joint-venture with Bina Puncak Jaya Sdn Bhd to undertake construction projects for the government at Sungai Udang (Melaka), Rimba Mas (Perlis) and Teluk Mengkudu (Perak). The Sungai Udang sanitary landfill in Melaka was awarded to the joint-venture company at RM49.9 million, while the other two projects are currently being finalised. In line with its two principal activities, BEC is registered with the Construction Industry Development Board of Malaysia under the G7 category. BEC has also attained the ISO 9001 certification.

Revenue decreased by 30% from RM7 million in the previous year to RM4.9 million for the financial year under review. The lower revenue was attributed to fewer projects secured. Profit before tax for the financial year under review decreased by 23% from RM1.3 million to RM1 million, due to fewer projects undertaken during the financial year.

Moving forward, BEC is looking towards securing projects from the Industrial-Commercial-Institutional (ICI) waste sector, in addition to the provision of project management services for the development of a paper manufacturing plant.

Berjaya Environmental Engineering (Foshan) Co. Ltd. ("BEE")

BEE was awarded a 28-year concession for a build-operate-transfer sanitary landfill project in Sanshui District, Foshan City, Guangdong Province, People's Republic of China. Commencing business on 1 July 2011, BEE's main revenue was generated from the waste tipping fee paid by the Sanshui District Government for the disposal of collected solid waste. BEE was awarded the Guangdong Provincial 1st Class Sanitary Landfill Award in August 2012, and in February 2013, the China National 1st Class Sanitary Landfill Award.

BEE's revenue for the financial year under review had increased to RMB14.85 million due to higher waste volume. The increase in revenue also resulted in an increase in gross margin to RMB7.80 million as compared to RMB1.08 million in the previous year.

Profit before tax registered at RMB3.35 million from a loss of RMB3.97 million in the previous year due to higher revenue generated from the increase in waste volume in year 2013, and also the interest savings from a project loan through the reduction in the Base Lending Rate declared by People's Bank of China between 2012 and 2013.

The landfill is currently accepting approximately 390 tonnes of waste per day, while total waste generated per day in Sanshui District is estimated at 500 tonnes per day with a 72% waste collection coverage area. With the District Government's efforts to increase the waste collection coverage area to 85% in year 2014 and the estimated waste growth rate of 4% due to rapid urbanization, it is foreseen that the waste volume delivered and disposed to the sanitary landfill will be substantially increased in the next few years. Project revenue and operating profit is expected to increase in tandem with these factors.

The successful development of BEE's first sanitary landfill project in China provides good reference and showcase for BEE to develop similar projects in the vast Chinese market. BEE has recently received invitations from other District Governments of China to participate in their landfill project tenders.

Berjaya Green Resources Environmental Engineering (Foshan) Co. Ltd. ("BGREE")

BGREE'S principal activity is to undertake a 25-year wastewater treatment plant concession for the Chinese Government on a build, operate and transfer (BOT) basis, with an associated pipelines project in Jinben Industrial Park, Xinan Sub-district, Sanshui District, Foshan City, Guangdong Province, People's Republic of China. The Project is currently under construction, and is scheduled to commence operations in January 2014.

The Jinben Wastewater Treatment Plant is constructed to treat industrial wastewater generated by the beverages factories located within the Jinben Industrial Park.

In China, environmental projects such as the Jinben Wastewater Treatment Plant are entitled to the Corporate Tax Exemption (3+3) Policy, which is full tax exemption in the first three years of operations and subsequently, 50% of the corporate tax rate for the following three years of operations. Therefore, BGREE foresees substantial profit after tax from the year 2014 to 2016.

DSG Holdings Limited ("DSG Holdings")

DSG Holdings has concessions in two potable water treatment plants and one wastewater treatment plant in the Shandong and Anhui Provinces respectively in the People's Republic of China. DSG Holdings registered an 18% increase in revenue

to RMB67.27 million for the financial year under review as compared to the previous year. The revenue for the potable water treatment plants increased in line with the ramping up of water volume and water tariff, whereas the revenue for the wastewater treatment plant increased according to the contractual minimum guaranteed volume per its concession agreement with the Local Authority. DSG Holdings' other incomes are derived from collection of development fees, handling fees and tariff differential payments.

Profit before tax of RMB20.44 million was 16.5% higher than the previous financial year when compared based on a corresponding 12-month period.

The plants' water demand and revenue are expected to grow positively in the coming years, and is likely to achieve 10% to 15% growth rate for the financial year 2014. DSG Holdings will continue to develop new projects in similar fields.



Secondary sedimentation tank - DSG Holdings' water treatment plant in Taian, People's Republic of China.

CORPORATE STRUCTURE

of main subsidiaries and associated companies as at 5 September 2013

BERJAYA CORPORATION BERHAD



Listed Companies

+ Combined Interest

CORPORATE STRUCTURE

of main subsidiaries and associated companies as at 5 September 2013

HOTELS, RESORTS, VACATION TIMESHARE, RECREATION AND FOOD & BEVERAGE

| | | | |
|--------|--|-------|---|
| 64.87% | Berjaya Food Berhad | 100% | BTS Hotel Sdn Bhd |
| | | | • Berjaya Times Square Hotel, KL |
| 100% | Berjaya Roasters (M) Sdn Bhd | 60% | Absolute Prestige Sdn Bhd |
| | • Kenny Rogers Roasters Restaurants (Malaysia) | | • Piccolo Hotel Kuala Lumpur |
| 51% | PT Boga Lestari Sentosa | 100% | Berjaya Beau Vallon Bay Beach Resort Limited |
| | • Kenny Rogers Roasters Restaurants (Indonesia) | | • Berjaya Beau Vallon Bay Resort & Casino, Seychelles |
| 50% | Berjaya Starbucks Coffee Company Sdn Bhd | 100% | Berjaya Praslin Limited |
| | | | • Berjaya Praslin Resort, Seychelles |
| 100% | Jollibean Foods Pte Ltd | 92.6% | Berjaya Mount Royal Beach Hotel Limited |
| | | | • Berjaya Hotel Colombo, Sri Lanka |
| 100% | Wen Berjaya Sdn Bhd | 75% | T.P.C. Nghi Tam Village Limited |
| | • Wendy's Restaurants | | • InterContinental Hanoi Westlake, Hanoi, Vietnam |
| 100% | Roasters Asia Pacific (HK) Limited | 70% | Berjaya Long Beach Limited Liability Company |
| | | | • Long Beach Resort, Phu Quoc Island, Vietnam |
| 100% | Berjaya Papa John's Pizza Sdn Bhd | 100% | Perdana Hotel Philippines Inc |
| | • Papa John's Pizza Restaurants | | • Berjaya Makati Hotel, Makati, Philippines # a wholly-owned subsidiary company of Berjaya Philippines Inc. |
| 70% | Berjaya Pizza Philippines Inc. | 100% | Bukit Kiara Resort Berhad |
| | • Papa John's Pizza Restaurants | | • Bukit Kiara Equestrian & Country Resort, KL |
| 70% | Berjaya Krispy Kreme Doughnuts Sdn Bhd | 51% | KDE Recreation Berhad |
| | | | • Kelab Darul Ehsan, Selangor |
| 100% | Berjaya Hills Berhad | 100% | Berjaya Golf Resort Berhad |
| | • Berjaya Hills Golf & Country Club, Pahang • Colmar Tropicale, Berjaya Hills, Pahang • Chateau Spa & Wellness Resort, Berjaya Hills, Pahang | | • Bukit Jalil Golf & Country Resort, KL • Arena Green Apartments, KL • Greenfields Apartments, KL • Green Avenue Condominiums, KL • Savanna Condominiums, KL • Savanna 2, KL • Covillea, KL • Jalil Link @ Bukit Jalil, KL • KMI West Condominiums, KL • KMI East Condominiums, KL |
| + | 54.67% | 100% | Berjaya Land Berhad |
| | | | • Berjaya Vacation Club Berhad |
| 100% | Berjaya Vacation Club Berhad | 100% | Berjaya Vacation Club (Cayman) Limited |
| | | | • Berjaya Eden Park Hotel, London, UK |
| 100% | Berjaya Langkawi Beach Resort Sdn Bhd | 100% | The Taaras Beach & Spa Resort (Redang) Sdn Bhd |
| | • Berjaya Langkawi Resort, Kedah | | • The Taaras Beach & Spa Resort, Redang Island, Terengganu • Redang Island Resort, Terengganu |
| 99.5% | The Taaras Beach & Spa Resort (Redang) Sdn Bhd | 80% | Staffield Country Resort Berhad |
| | | | • Staffield Country Resort, Negeri Sembilan |
| 86.3% | Tioman Island Resort Berhad | 100% | Indah Corporation Berhad |
| | • Berjaya Tioman Resort, Pahang • Tioman Island Resort, Pahang | | • Bukit Banang Golf & Country Club, Batu Pahat, Johor |
| 100% | Georgetown City Hotel Sdn Bhd | 52.6% | Amat Muhibah Sdn Bhd |
| | • Georgetown City Hotel, Penang | | • Desa WaterPark, KL |
| | | 100% | Berjaya Air Sdn Bhd |

PROPERTY INVESTMENT & DEVELOPMENT

| | | | |
|------|---|-------|--|
| 100% | BerjayaCity Sdn Bhd | 80% | Berjaya-Handico 12 Co. Ltd |
| | • Oil Palm Plantations • Maya Suria Estates | | • Ha Noi Garden City, Hanoi, Vietnam |
| 100% | Wangsa Tegap Sdn Bhd | 100% | Berjaya Vietnam Financial Center Ltd |
| | • Menara Bangkok Bank @ Berjaya Central Park, Jalan Sultan Ismail | | • Vietnam Financial Center, Ho Chi Minh City, Vietnam |
| 100% | Berjaya Sanhe Real Estate Development Co Ltd | 75% | Berjaya-D2D Co. Ltd |
| | • French Village, Hebei Province, China • Les OE Residence, Hebei Province, China | | • Bien Hoa City Square, Dong Nai Province, Vietnam |
| 100% | Taman TAR Development Sdn Bhd | 100% | Berjaya VIUT Ltd |
| | • The Peak @ Taman TAR, Ampang, Selangor | | • Vietnam International University Township, Ho Chi Minh City, Vietnam |
| 100% | Selat Makmur Sdn Bhd | 72.6% | Berjaya Jeju Resort Limited |
| | • Seputeh Heights, KL • Vasana 25, KL • Subang Heights, Shah Alam, Selangor | | • Berjaya Jeju Airst City, Yerae-dong, South Korea |
| 80% | Pakar Angsana Sdn Bhd | 100% | Kyoto Higashiyama Hospitality Assets Tmk |
| | • Berjaya Park, Shah Alam, Selangor | | • Berjaya Okinawa Development Co. Ltd |
| 100% | Sri Panglima Sdn Bhd | 51% | Berjaya (China) Great Mall Co. Ltd |
| | • Taman Kinrara IV, Puchong, KL | | • The Great Mall of China, Hebei Province, People's Republic of China |
| 100% | Berjaya Land Development Sdn Bhd | 100% | Stephen Properties Sdn Bhd |
| | • Kelang Lama New Business Center, KL • Gemilang Indah Apartments, KL • Medan Indah, Kota Tinggi, Johor • Taman UPC, Ayer Hitam, Johor • Bandar Banang Jaya, Batu Pahat, Johor • Robson Condominiums, KL | | • Wisma Cosway, KL |
| 100% | Securiserivices Sdn Bhd | 100% | Nural Enterprise Sdn Bhd |
| | • 1 Petaling Residences & Commerz @ Sg. Besi, KL • Petaling Indah Condominiums, KL • 3-Storey Shop Office @ Sg. Besi, KL | | • Plaza Berjaya, KL |
| 100% | Klasik Mewah Sdn Bhd | 100% | Kota Raya Development Sdn Bhd |
| | • Sri Indah Court, Johor Bahru | | • Kota Raya Complex, KL |
| | | 100% | Cempaka Properties Sdn Bhd |
| | | | • Berjaya Megamall, Kuantan, Pahang • Kuantan Perdana, Kuantan, Pahang |
| | | + | 16.38% |
| | | | Berjaya Assets Berhad |
| | | | • Berjaya Times Square, KL • Natural Avenue Sdn Bhd • Berjaya Waterfront Hotel, Johor Bahru, Johor (formerly known as The Zon Regency by the sea, Johor Bahru, Johor) • Berjaya Waterfront Shopping Mall, Johor Bahru, Johor |

GROUP FINANCIAL SUMMARY

| Description | 2013 USD'000 | 2013 RM'000 | 2012 RM'000 | 2011 RM'000 | 2010 RM'000 | 2009 RM'000 |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue | 2,435,545 | 7,376,047 | 7,055,417 | 7,043,612 | 6,757,534 | 6,339,012 |
| Profit Before Tax | 189,949 | 575,262 | 849,197 | 861,802 | 595,598 | 274,561 |
| Profit for the Year | 107,585 | 325,822 | 599,979 | 626,239 | 390,068 | 109,096 |
| Profit/(Loss) Attributable To Shareholders | 24,757 | 74,978 | 311,837 | 352,419 | 80,950 | (53,383) |
| Share Capital | 1,418,140 | 4,294,836 | 4,269,224 | 4,221,301 | 4,021,886 | 3,169,554 |
| Equity Component of ICULS | 148,199 | 448,822 | 462,861 | 176,869 | 313,414 | 763,893 |
| Reserves | 381,071 | 1,154,073 | 1,132,493 | 1,660,240 | 1,600,780 | 1,659,229 |
| Equity Funds | 1,947,410 | 5,897,731 | 5,864,578 | 6,058,410 | 5,936,080 | 5,592,676 |
| Treasury Shares | (26,579) | (80,494) | (73,721) | (37,323) | (3,680) | – |
| Net Equity Funds | 1,920,831 | 5,817,237 | 5,790,857 | 6,021,087 | 5,932,400 | 5,592,676 |
| Non-controlling Interests | 1,641,159 | 4,970,251 | 4,886,206 | 4,762,320 | 4,813,338 | 4,395,623 |
| Total Equity | 3,561,990 | 10,787,488 | 10,677,063 | 10,783,407 | 10,745,738 | 9,988,299 |
| ICULS and Bonds | 133,806 | 405,232 | 253,642 | 716,381 | 730,364 | 1,056,799 |
| Long Term Liabilities | 1,055,788 | 3,197,454 | 3,786,340 | 2,158,488 | 2,243,472 | 1,838,638 |
| Current Liabilities | 1,578,067 | 4,779,177 | 3,794,430 | 4,217,517 | 4,108,288 | 3,721,584 |
| Total Equity and Liabilities | 6,329,651 | 19,169,351 | 18,511,475 | 17,875,793 | 17,827,862 | 16,605,320 |
| Property, Plant And Equipment | 958,832 | 2,903,823 | 2,883,381 | 2,827,344 | 2,830,582 | 2,317,658 |
| Intangible Assets | 1,997,793 | 6,050,316 | 6,019,624 | 5,893,071 | 6,112,791 | 6,191,922 |
| Investments & Long Term Receivables | 1,760,789 | 5,332,551 | 4,523,837 | 3,966,021 | 4,196,581 | 3,402,423 |
| Current Assets | 1,612,237 | 4,882,661 | 5,084,633 | 5,189,357 | 4,687,908 | 4,693,317 |
| Total Assets | 6,329,651 | 19,169,351 | 18,511,475 | 17,875,793 | 17,827,862 | 16,605,320 |
| Total Number of shares with voting rights in issue | 4,215,536 | 4,215,536 | 4,200,724 | 4,188,201 | 4,018,906 | 3,169,554 |
| Net Assets Per Share | 0.42 | 1.27 | 1.27 | 1.40 | 1.40 | 1.52 |
| Net Earning/(Loss) Per Share (Cents/Sen) | 0.6 | 1.79 | 7.1 | 8.1 | 2.0 | (1.4) |
| Dividend of Rate (%) | 1.00 | 1.00 | 1.00 | 7.00 | 1.00 | 3.35 |
| Total Net Dividend Amount (USD'000/ RM'000) | 13,920* | 42,155* | 42,104 | 293,826 | 41,850 | 123,634 |

Notes:

The figures above are presented based on the audited financial statements for the financial years ended 30 April.

No retrospective restatement of the effects on the adoption of the Amendments to FRS 112 - Income Taxes in the financial statements prior to financial year 2012 was done, as it is impractical to do so. The nature of the restatement is disclosed in Note 2.3 to the accompanying financial statements.

Where additional shares are issued, the earnings/(loss) per share is calculated based on a weighted average number of shares with voting rights in issue.

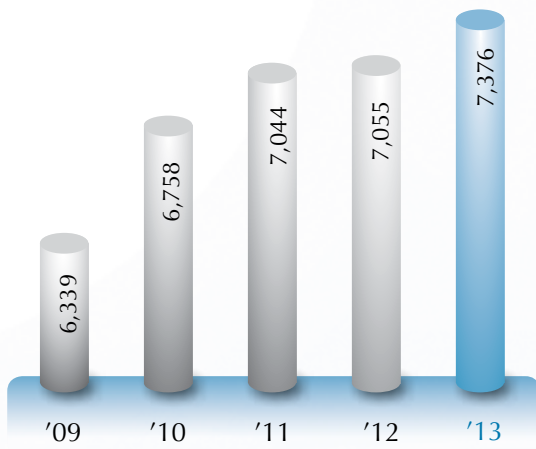
Net Assets Per Share represents the net equity funds less equity component of ICULS divided by the number of outstanding shares in issue with voting rights.

Exchange rate: US\$1.00 = RM3.0285

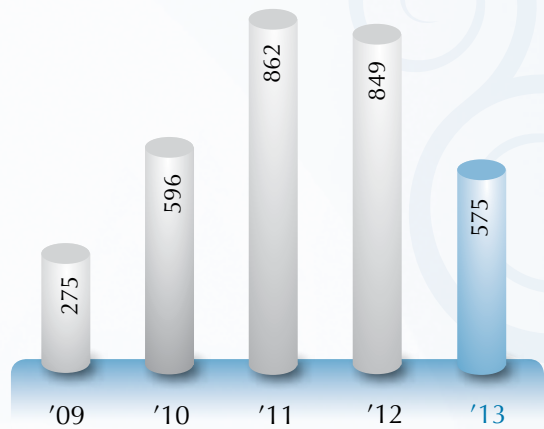
* The proposed final dividend of 1% single-tier exempt dividend is subject to Berjaya Corporation Berhad ("BCorp") shareholders' approval at the Annual General Meeting.

GROUP FINANCIAL HIGHLIGHTS

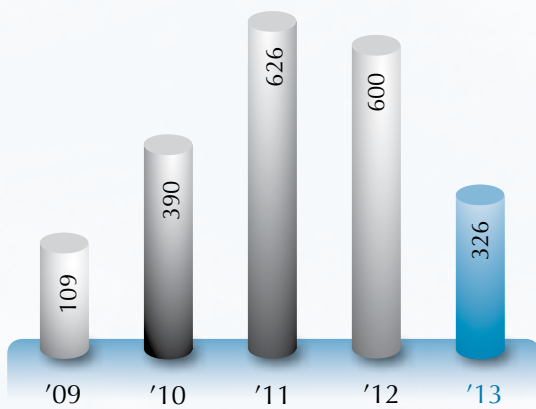
Revenue (RM' Million)



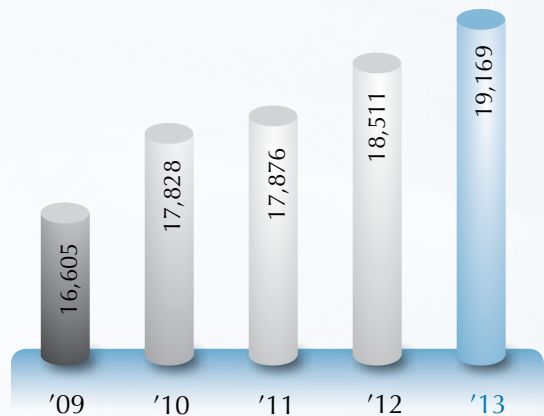
Profit Before Tax (RM' Million)



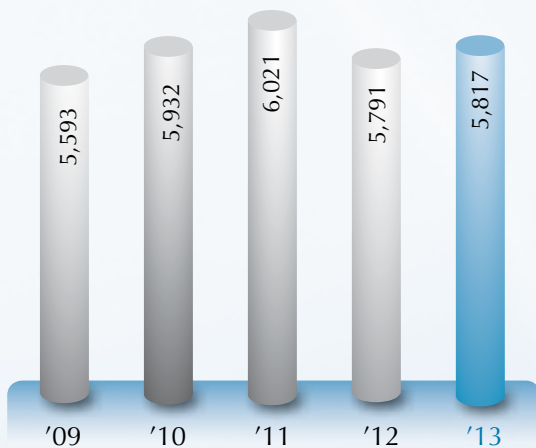
Profit After Tax (RM' Million)



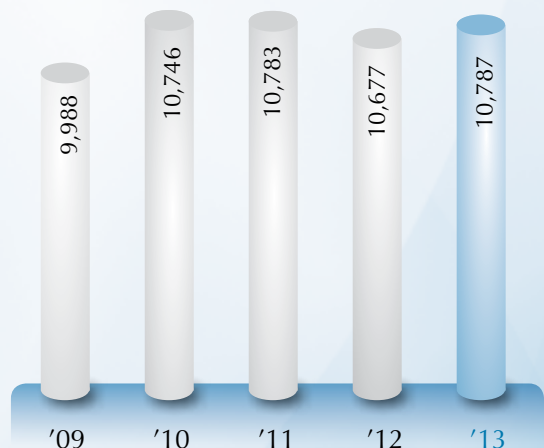
Total Assets (RM' Million)



Net Equity Funds (RM' Million)



Total Equity (RM' Million)



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“Board”) of Berjaya Corporation Berhad is committed in ensuring that the Group carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance 2012 (“the MCCG 2012”).

The following sections explain how the Group has applied the key principles of the MCCG 2012 and the extent of its compliance with the recommendations throughout the financial year ended 30 April 2013.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Board’s role is to control and provide stewardship of the Group’s business and affairs on behalf of shareholders.

The Board has assigned the day-to-day affairs of the Group’s businesses within the various divisions to local management, comprising Managing Directors (“MD”) / Chief Executive Officers (“CEO”) / Executive Directors of the main operating companies, who are accountable for the conduct and performance of their businesses within the agreed business strategies.

The Group’s Executive Directors are involved in leadership roles overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities. They represent the Company at the highest level and are decision makers on matters within their scope. They liaise frequently with the CEO (or MD) of the main operating companies and with each other to lead the management to drive the Company and the Group forward.

Board Roles and Responsibilities

The Group is led and controlled by an experienced Board with a wide range of expertise who plays an important role in the stewardship of the direction and operations of the Group.

The Board is primarily responsible for the strategic direction and control of the Group. It delegates and monitors the implementation of these directions to the management.

The responsibilities of the Board include, inter-alia, the following:

- (1) Review, evaluate, adopt and approve the strategic plans and policies for the Company and the Group;
- (2) Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Company and the Group;
- (3) Review and adopt budgets and financial results of the Company and the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;
- (4) Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;
- (5) Review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group;
- (6) Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;
- (7) Establish and oversee a succession planning programme for the Company and the Group including the remuneration and compensation policy thereof;
- (8) Establish, review and implement corporate communication policies with the shareholders and investors, other key stakeholders and the public;
- (9) Review and determine the adequacy and integrity of the internal control systems and management information of the Company and the Group; and
- (10) Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

STATEMENT ON CORPORATE GOVERNANCE

The Board is supported by the committees that provide independent overights of management and to ensure that there are appropriate checks and balances. These Board committees are:-

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

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

Other committees may be formed from time to time as dictated by business imperatives and/or to promote operational efficiency.

Formalise ethical standards through Code of Ethics

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

The Group also has in place a Code of Conduct covering Business Ethics, workplace safety and employee personal conduct. This is to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities. All employees are required to declare that they have received, read and understood the provisions of the Code of Conduct.

Strategies promoting sustainability

The Board views the commitment to sustainability and environmental, social and governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operates.

The Company's activities on corporate social responsibilities for the financial year under review are disclosed on pages 12 to 19 of this Annual Report.

Access to information and advice

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

The Directors have access to the advice and services of the Company Secretaries 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.

Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board.

The Board Charter is subject to review by the Board annually to ensure that it remains consistent with the Board's objectives and responsibilities. The Board Charter is also available on the Company's website at www.berjaya.com.

STATEMENT ON CORPORATE GOVERNANCE

2. STRENGTHEN COMPOSITION

Nomination Committee

The role of the Nomination Committee is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, experience and personal characteristics.

The Nomination Committee makes independent recommendations to the Board on suitable candidates for appointment to the Board. The Nomination Committee comprises exclusively of Non-Executive Directors, with a majority of them being independent. Currently, the members are as follows:-

| | |
|---|--------------------------------------|
| Tan Sri Datuk Abdul Rahim Bin Haji Din | - Chairman/Independent Non-Executive |
| Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar | - Independent Non-Executive |
| Datuk Robert Yong Kuen Loke | - Independent Non-Executive |

The Nomination Committee also conducts annual review of the structure, size and composition of the Board, including the balance mix of skills, knowledge, experience and independence of the Non-Executive Directors.

Develop, maintain and review criteria for recruitment and annual assessment of Directors

Appointment to the Board and Re-election of Directors

The Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and also appointments are made on merit. In evaluating the suitability of candidates to the Board, the Nomination Committee shall ensure that the candidates selected possess the necessary background, skills, knowledge, experience and personal characteristics.

The Company's Articles of Association provides that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting ("AGM") and that all Directors shall retire once in every three years, and are eligible to offer themselves for re-election. The Articles of Association also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment.

Pursuant to Section 129(6) of the Companies Act, 1965, a Director who is over seventy (70) years of age shall retire at the AGM of the Company, and may offer himself/herself for re-appointment to hold office until the next AGM.

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

Annual Assessment

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The evaluation process also involved a peer and self-review assessment, where Directors assessed their own and also their fellow Directors' performance. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

Boardroom Gender Diversity

The Board is supportive of gender diversity recommendations made in the MCCG 2012 as evidenced by the presence of three (3) female Directors namely, Vivienne Cheng Chi Fan, Dato' Zurainah Binti Musa and Dr Jayanthi Naidu A/P G. Danasamy. The Board is comfortable with its current composition.

STATEMENT ON CORPORATE GOVERNANCE

2. STRENGTHEN COMPOSITION (cont'd)

Remuneration policies and procedures

The Remuneration Committee currently comprises the following members:

| | |
|---|--|
| Tan Sri Datuk Abdul Rahim Bin Haji Din | - Chairman / Independent Non-Executive |
| Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar | - Independent Non-Executive |
| Dato' Robin Tan Yeong Ching | - 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.

Details of 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 2013 are as follows:

| | ← RM'000 → | | | | |
|---------------|------------|-------------------------------------|-------|---------------------|---------|
| | Fees | Salaries and Other Emoluments | Bonus | Benefits in-kind | Total |
| Executive | – | 10,479 | 1,681 | 401 | 12,561 |
| Non-Executive | 315 | 211 | 11 | 31 | 568 |
| | 315 | 10,690 | 1,692 | 432 | 13,129* |

* The aggregate remuneration of RM13.129 million is inclusive of, amongst others, remuneration paid or payable to the Directors by the listed subsidiaries in the Group, namely, Berjaya Land Berhad (RM976,334) and Berjaya Sports Toto Berhad (RM8.87 million).

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 |
| RM50,001 | - RM100,000 | – | 4 |
| RM200,001 | - RM250,000 | 1 | – |
| RM300,001 | - RM350,000 | – | 1 |
| RM1,200,001 | - RM1,250,000 | 2 | – |
| RM1,450,001 | - RM1,500,000 | 1 | – |
| RM1,650,001 | - RM1,700,000 | 1 | – |
| RM2,750,001 | - RM2,800,000 | 1 | – |
| RM3,950,001 | - RM4,000,000 | 1 | – |
| | | 7 | 5 |

STATEMENT ON CORPORATE GOVERNANCE

3. REINFORCE INDEPENDENCE

Annual Assessment of Independence

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

The Board, through the Nomination Committee, assesses the Independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The current Independent Directors of the Company namely, Tan Sri Datuk Abdul Rahim Bin Haji Din, Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar, Datuk Robert Yong Kuen Loke, Mohd Zain Bin Ahmad and Dr Jayanthi Naidu A/P G. Danasamy have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Listing Requirements of Bursa Securities. The Company also fulfills the requirement to have at least one-third of its Board members being Independent Non-Executive Directors.

Tenure of Independent Directors

The Company does not have term limits for its Independent Directors as the Board believes that continued contribution provides benefits to the Board and the Company as a whole. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director. Currently, none of the Independent Directors had served the Company for a cumulative term of 9 years.

Separation of positions of the Chairman and CEO

The Chairman/CEO of the Company is currently being held by the same person. The Board is aware that it is not in compliance with the best practices of the MCCG 2012 on the separation of the roles of the Chairman and CEO.

However, the Board is satisfied with the dual role held by the same person in view of his vast experience and knowledge of the businesses of the Group and the time he has spent in fulfilling all his responsibilities. The presence of the independent directors, though not forming a majority of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board. The significant contributions of the independent directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

The Chairman/CEO will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted. He also holds the primary executive responsibility for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board. He leads the Executive Directors in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group. He brings material and other relevant matters to the Board, motivates employees, and drives change/innovation and growth within the Group.

Board Composition and Balances

The Board consists of qualified individuals with various knowledge, skills and expertise, which will enable the Board to discharge its duties and responsibilities effectively. The Board currently has thirteen (13) members comprising the Chairman/CEO, six (6) Executive Directors, five (5) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The details of the Board are given on pages 3 to 9.

The present composition of the Board is in compliance with Chapter 15.02 of the Listing Requirements of Bursa Securities of at least 1/3 of its members being Independent Directors.

Tan Sri Datuk Abdul Rahim Bin Haji Din has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

4. FOSTER COMMITMENT

Time Commitment

The Board meets regularly on a quarterly basis with additional meetings being convened as necessary. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

During the financial year ended 30 April 2013, the Board met six (6) times and the attendances of the Directors at the Board meetings are as follows:

| Directors | Attendance |
|---|------------|
| Dato' Robin Tan Yeong Ching | 6/6 |
| Chan Kien Sing | 5/6 |
| Freddie Pang Hock Cheng | 6/6 |
| Rayvin Tan Yeong Sheik | 5/6 |
| Vivienne Cheng Chi Fan | 6/6 |
| Dato' Azlan Meah Bin Hj Ahmed Meah | 6/6 |
| Dato' Zurainah Binti Musa | 5/6 |
| Dato' Dickson Tan Yong Loong | 6/6 |
| Tan Sri Datuk Abdul Rahim Bin Haji Din # | 6/6 |
| Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar # | 6/6 |
| Datuk Robert Yong Kuen Loke # | 6/6 |
| Mohd Zain Bin Ahmad # | 5/6 |
| Dr Jayanthi Naidu A/P G. Danasamy # | 5/6 |

denotes Independent Non-Executive Director.

All Board members are required to notify the Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

Directors' Training

All the Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

During the year, the seminars and conferences attended by the Directors are as follows:

| Directors | Seminars / Conferences / Forum |
|-----------------------------|---|
| Dato' Robin Tan Yeong Ching | <ul style="list-style-type: none"> • New Transfer Pricing Rules • Global Sports Summit 2012 |
| Chan Kien Sing | <ul style="list-style-type: none"> • Role of the Audit Committee In Assuring Audit Quality • CEO Forum • MIA Conference • Managing Corporate Risk and Achieving Internal Control Through Statutory Compliance |

STATEMENT ON CORPORATE GOVERNANCE

4. FOSTER COMMITMENT (cont'd)

Directors' Training (cont'd)

| Directors | Seminars / Conferences / Forum |
|--|--|
| Freddie Pang Hock Cheng | <ul style="list-style-type: none"> • The key components of establishing and maintaining world class audit committee reporting capability • CEO Forum • Managing Corporate Risk and Achieving Internal Control Through Statutory Compliance • Sustainability Training for Directors & Practitioners |
| Rayvin Tan Yeong Sheik | <ul style="list-style-type: none"> • Credit Suisse Asian Investment Conference 2013 |
| Vivienne Cheng Chi Fan | <ul style="list-style-type: none"> • Role of the Audit Committee In Assuring Audit Quality • Malaysian Forum On Business Sustainability • Fraud Detection and Prevention |
| Dato' Azlan Meah Bin Hj Ahmed Meah | <ul style="list-style-type: none"> • Role of the Audit Committee In Assuring Audit Quality • The key components of establishing and maintaining world class audit committee reporting capability • World Innovation Forum KL-Inclusive Innovation For Transformation by MOSTI • Conference on The Service Sector • International Trade by Dato' Mukhriz Mahathir • INTRADE Malaysia 2012 • Philippines-Malaysia Networking Forum • ASEAN Risk Communication Training of Trainers (RC TOT) workshop • The New Investment Incentive Program of Turkey • Growth Capital Abu Dhabi • Sustainability Training for Directors & Practitioners • MIHAS-The Global Halal Market Place |
| Dato' Zurainah Binti Musa | <ul style="list-style-type: none"> • Malaysian Code on Corporate Governance 2012 |
| Dato' Dickson Tan Yong Loong | <ul style="list-style-type: none"> • Economic Overview for Malaysia in the Regional Context: Opportunities & Challenges • Corporate Integrity System Malaysia: CEO Dialogue Session • Understanding Financial Statements – Use of Healthy Scepticism |
| Tan Sri Datuk Abdul Rahim Bin Haji Din | <ul style="list-style-type: none"> • Role of the Audit Committee In Assuring Audit Quality • Malaysian Code on Corporate Governance 2012 • Making the Most of the Chief Financial Officer Role: Everyone's Responsibility • Transfer Pricing Update Training • Governance, Risk Management and Compliance: What Directors should know • The key components of establishing and maintaining world class audit committee reporting capability • Sustainability Training for Directors & Practitioners |

4. FOSTER COMMITMENT (cont'd)

Directors' Training (cont'd)

| Directors | Seminars / Conferences / Forum |
|--|--|
| Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar | <ul style="list-style-type: none"> • Malaysian Code on Corporate Governance 2012 • Corporate governance Blueprint and Malaysian Code of Corporate Governance 2012 • Transfer Pricing Update Training • Governance, Risk Management and Compliance: What Directors should know • The key components of establishing and maintaining world class audit committee reporting capability • Managing Corporate Risk and Achieving Internal Control Through Statutory Compliance • Sustainability Training for Directors & Practitioners |
| Datuk Robert Yong Kuen Loke | <ul style="list-style-type: none"> • Governance, Risk Management and Compliance: What Directors should know • MICPA Business Forum – Navigating Turbulence |
| Mohd Zain Bin Ahmad | <ul style="list-style-type: none"> • Role of the Audit Committee In Assuring Audit Quality • Malaysian Code on Corporate Governance 2012 |
| Dr Jayanthi Naidu A/P G. Danasamy | <ul style="list-style-type: none"> • Malaysian Code on Corporate Governance 2012 • Governance, Risk Management and Compliance: What Directors should know • CFO Forum • The key components of establishing and maintaining world class audit committee reporting capability |

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

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Board strives to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, through the annual audited financial statements and quarterly financial reports, and corporate announcements on significant developments affecting the Company in accordance with the Listing Requirements of Bursa Securities.

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

The Board is also assisted by the Audit Committee in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high quality financial reporting. A full Audit Committee Report detailing its composition, terms of reference and a summary of activities during the financial year is set out on pages 54 to 56 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (cont'd)

Statement of Directors' Responsibility in respect of the Financial Statements

The Companies Act 1965 ("the Act") 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 financial reporting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Assessment of external auditors

The Audit Committee is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed their performance, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The external auditors are required to declare their independence annually to the Audit Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

6. RECOGNISE AND MANAGE RISKS

Sound framework to manage risks

The Risk Management Committee oversees the enterprise risk management of the Group, reviews the risk management policies formulated by the respective local management and makes relevant recommendations to the Board for approval.

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

Internal Audit Function

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard shareholders' investments and the Group's assets.

The Group has an established Internal Audit Division which reports directly to the Audit Committee.

The Statement on Risk Management and Internal Control set out on pages 52 to 53 of this Annual Report provides an overview of the state of internal controls within the Group.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. As such, the Group accords a high priority in ensuring that information is made available and disseminated as early as possible.

The Group maintains a website at www.berjaya.com where shareholders as well as members of the public can access the latest information on the Group. Alternatively, they may obtain the Group's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders participation at General Meetings

The Company fully recognises the rights of the shareholders and encourages them to exercise their rights at the Company's general meetings. The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Group's businesses.

The Company dispatches its notice of meeting at least 21 days before the AGM together with a copy of the Annual Report in CD-ROM.

At the AGM, the Chief Financial Officer provides a brief financial overview of the financial year's performance to the shareholders. The shareholders are also invited to raise questions pertaining to the business activities of the Group during the AGM. The external auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

Poll voting

All resolutions passed by the shareholders at the previous AGM held on 30 October 2012 were voted by a show of hands.

Going forward, the Board will give due consideration on the mode of voting on any resolutions at the AGM and/or Extraordinary General Meeting, including voting by way of a poll, particularly if the proposals are of a substantive nature.

Effective communication and proactive engagements with shareholders

The Company recognises the importance of being transparent and accountable to its shareholders and, as such, maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, meetings with analysts and fund managers, general meetings of shareholders and through the Group's website at www.berjaya.com where shareholders can access corporate information, annual reports, press release, financial information and company announcements.

STATEMENT OF RISK MANAGEMENT AND 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. 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.

The Board has undertaken a review of the adequacy and effectiveness of the risk management and internal control system and concluded that the risk management and internal control system is adequate and effective. Further, the Board has obtained assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The Group is involved in various business interests. These business interests are operated by the subsidiaries of the Group. Management of the day-to-day affairs of the Group's various subsidiaries 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 subsidiaries within agreed business strategies. Local management sits at various management and operations meetings, and review financial and operations reports, in order to monitor the performance and profitability of the business of their respective subsidiaries. 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, such as secretarial, legal, tax, treasury, human resource, communication, procuring, investing, accounting and internal auditing, and these support functions are centralised at BCorp. The centralisation of the support functions is intended to 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 and jointly controlled entities, as the Board does not have any direct control over their operations. The Group's interests are served through representations on the boards of the respective associated companies and jointly controlled entities and the review of their management accounts, and enquiries thereon. These representatives 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 and jointly controlled entities.

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 auditors of the Group furnish the Audit Committee with reports from visits conducted at various unlisted subsidiaries. The internal audit of the subsidiaries and business units of the respective listed subsidiaries are conducted regularly and the internal audit reports are presented directly to the Audit Committees 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 up to the attention of the Audit Committee through management letters, or are articulated at Audit Committee meetings.

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

STATEMENT OF RISK MANAGEMENT AND 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. Clear organisation structure with delineated reporting lines
2. Defined levels of authority
3. Capable workforce with ongoing training efforts
4. Centralised human resource function which outlines procedures for recruitment, training, appraisal and the reward system
5. Timely financial and operations reports
6. Scheduled operations and management meetings
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 Tan Sri Datuk Abdul Rahim Bin Haji Din (Chairman), Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar, Chan Kien Sing, Freddie Pang Hock Cheng, Datuk Robert Yong Kuen Loke and Vivienne Cheng Chi Fan.

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 2013, the Risk Management Committee (RMC) held four meetings where it reviewed and evaluated the adequacy of risk management activities of various unlisted operating subsidiary companies (i.e. Berjaya Hills Berhad, Berjaya Environmental Engineering (Foshan) Co. Ltd, Berjaya Green Resources Environmental Engineering (Foshan) Co. Ltd, Dragon Spring Water (Linqu) Co. Ltd, Dragon Spring Water (Tianchang) Co. Ltd, Dragon Spring Water (Taian) Co. Ltd and RU Café Sdn Bhd), and recommended certain measures to be adopted to mitigate their business risk exposures.

The Board remains committed towards operating a sound system of internal control and recognises the need for the system to 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.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

AUDIT COMMITTEE REPORT 2013

The Board of Directors of Berjaya Corporation Berhad is pleased to present the report of the Audit Committee for the financial year ended 30 April 2013.

MEMBERS AND MEETING ATTENDANCES

The members of the Audit Committee are as follows:

Tan Sri Datuk Abdul Rahim Bin Haji Din

Chairman/Independent Non-Executive Director

Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar

Independent Non-Executive Director

Datuk Robert Yong Kuen Loke

Independent Non-Executive Director

Mohd Zain Bin Ahmad

Independent Non-Executive Director

The Audit Committee held five (5) meetings during the financial year ended 30 April 2013. The details of attendance of the Audit Committee members are as follows:

| Directors | Attendance |
|---|------------|
| Tan Sri Datuk Abdul Rahim Bin Haji Din | 5/5 |
| Dato' Hj Md Yusoff @ Mohd Yusoff Bin Jaafar | 5/5 |
| Datuk Robert Yong Kuen Loke | 5/5 |
| Mohd Zain Bin Ahmad | 5/5 |

The General Manager - Group Internal Audit and the Chief Financial Officer of the Company were also invited to attend the audit committee meetings. The External Auditors were also invited to attend three (3) of these meetings.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities undertaken by the Audit Committee during the financial year ended 30 April 2013 included the following:

1. Reviewed the quarterly and year-to-date unaudited financial results of the Group 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 through the review of internal audit reports tabled and management responses thereto and ensuring significant findings were adequately addressed by management;
5. Reviewed and recommended for Board's approval, the Audited Financial Statements of the Company;
6. Reviewed and recommended for Board's approval, the Statement of Corporate Governance, the Statement of Internal Control and the Audit Committee Report for inclusion in the Annual Report;
7. Reviewed the Internal Audit Plan for financial year 2014;
8. Reviewed the related party transaction and the circular to shareholders in connection with the recurrent related party transactions.
9. 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. Their role is to provide the Committee with independent and objective reports on the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group and the extent of compliance with the Group's established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other external enforced compliance requirements.

The principal activity of the Internal Audit Division is to conduct regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively.

For the financial year under review, the Internal Audit Division conducted audit assignments on various operating units in the Group involved in hotel and resort operations, club operations, lifestyle restaurants and franchising business, retailing and distribution of organic products, University College of hospitality, sanitary landfill, plantation, printing services and operation of book stores.

The activities undertaken by the Internal Audit Division during the financial year ended 30 April 2013 included the following:

1. Tabled Internal Audit Plan for the Audit Committee's review and endorsement.
2. Reviewed the existing systems, controls and governance processes of various operating units within the Group.
3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.
4. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.
5. Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls to the Audit Committee and the respective operations management.
6. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.
7. Presented internal audit reports to the Audit Committee for review.

The cost incurred for the Group's Internal Audit function in respect of the financial year ended 30 April 2013 was approximately RM 2,385,000.

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, all of whom shall be non-executive Directors. The majority of the Committee Members shall be Independent Directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by 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.

AUDIT COMMITTEE REPORT

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, internal auditors, or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

6. Duties

The duties of the Committee shall be:

- a) To review and recommend the appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of person or persons as external auditors;
- b) To discuss with the external auditors where necessary, on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
- c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing on:
 - going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major judgemental areas
- d) To prepare Audit Committee Report at the end of each financial year;
- e) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
- f) To review the external auditors' management letter and management's response;
- g) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- h) To do the following in relation to the internal audit function:
 - review the adequacy of scope, functions, competency 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;
 - 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 15.16 of the Main Market 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.