

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Subject: **UNAUDITED QUARTERLY FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2008**

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UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2008
CONDENSED CONSOLIDATED BALANCE SHEET

	Group	
	31-7-2008	30-4-2008
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	93,971	94,910
Long term investments	13,956	14,993
Investment properties	73,552	71,205
Investment in associated companies	165	165
Prepaid land lease payments	2,734	2,743
Deferred tax assets	847	858
Intangible assets	618,222	618,425
	<u>803,447</u>	<u>803,299</u>
Current assets		
Inventories	9,267	7,832
Receivables	54,914	68,463
Tax recoverable	18,878	16,627
Short term investments	1,237	1,794
Deposits, cash and bank balances	151,986	126,173
	<u>236,282</u>	<u>220,889</u>
TOTAL ASSETS	<u>1,039,729</u>	<u>1,024,188</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital (par value per share : RM0.10)	135,103	135,103
Share premium	207,431	207,431
Exchange reserve	8,300	10,853
Retained earnings	392,128	383,388
Equity funds	742,962	736,775
Less : Treasury shares	(406,099)	(406,099)
Net equity funds	336,863	330,676
Minority interests	20,368	23,244
Total equity	<u>357,231</u>	<u>353,920</u>
Non-current liabilities		
Retirement benefit obligations	1,047	1,004
Borrowings	205,000	237,500
Deferred tax liabilities	2,991	2,473
Deferred liabilities	35,132	34,992
	<u>244,170</u>	<u>275,969</u>
Current liabilities		
Provisions	1,295	1,340
Payables	286,178	244,785
Borrowings	125,000	122,500
Tax payable	25,855	25,674
Total current liabilities	<u>438,328</u>	<u>394,299</u>
Total liabilities	<u>682,498</u>	<u>670,268</u>
TOTAL EQUITY AND LIABILITIES	<u>1,039,729</u>	<u>1,024,188</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.27	0.26

The net assets per share is calculated based on the following :
Net equity funds divided by the number of outstanding shares in issue with voting rights.

The annexed notes form an integral part of this quarterly financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2008
CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended	
	31-7-2008	31-7-2007
	RM'000	RM'000
REVENUE	825,902	756,998
PROFIT FROM OPERATIONS	132,794	140,423
Investment related income	3,526	8,535
Investment related expenses	(1,022)	(1,801)
Finance costs	(4,599)	(5,719)
PROFIT BEFORE TAX	130,699	141,438
INCOME TAX EXPENSE	(36,720)	(39,910)
PROFIT FOR THE PERIOD	93,979	101,528
ATTRIBUTABLE TO :		
Equity holders of the parent	92,390	100,273
Minority interests	1,589	1,255
	93,979	101,528
EARNINGS PER SHARE (SEN)		
-Basic	7.36	7.87
-Diluted	N/A	N/A
DIVIDEND PER SHARE (SEN)		
- First interim	4.50	7.40

The annexed notes form an integral part of this quarterly financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2008
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent						
	Share capital	Treasury shares	Reserves		Total to holders of parent company	Minority interests	Total equity
			Non-distributable	Distributable			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 May 2008	135,103	(406,099)	218,284	383,388	330,676	23,244	353,920
Foreign currency translation of foreign subsidiary companies	-	-	(2,553)	-	(2,553)	1,341	(1,212)
Net income recognised directly in equity	-	-	(2,553)	-	(2,553)	1,341	(1,212)
Profit for the period	-	-	-	92,390	92,390	1,589	93,979
Total recognised income and expense for the period	-	-	(2,553)	92,390	89,837	2,930	92,767
Adjustment due to foreign subsidiary company's share buyback	-	-	-	-	-	(5,806)	(5,806)
Distribution of dividends	-	-	-	(83,650)	(83,650)	-	(83,650)
At 31 July 2008	135,103	(406,099)	215,731	392,128	336,863	20,368	357,231
At 1 May 2007	135,103	(281,239)	218,199	346,222	418,285	10,179	428,464
Share buyback	-	(75,900)	-	-	(75,900)	-	(75,900)
Foreign currency translation of foreign subsidiary companies	-	-	3,034	-	3,034	1,033	4,067
Net income recognised directly in equity	-	-	3,034	-	3,034	1,033	4,067
Profit for the period	-	-	-	100,273	100,273	1,255	101,528
Total recognised income and expense for the period	-	-	3,034	100,273	103,307	2,288	105,595
Distribution of dividends	-	-	-	(69,041)	(69,041)	-	(69,041)
At 31 July 2007	135,103	(357,139)	221,233	377,454	376,651	12,467	389,118

The annexed notes form an integral part of this quarterly financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2008
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3-month ended 31-7-2008 RM'000	3-month ended 31-7-2007 RM'000
OPERATING ACTIVITIES		
Receipts from customers	906,313	841,172
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(805,509)	(694,355)
Other receipts	32	11
Net cash generated from operating activities	100,836	146,828
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	176	50
Net proceeds from disposal of investments	620	7,535
Acquisition of treasury shares by a subsidiary company	(5,805)	-
Acquisition of property, plant and equipment	(4,233)	(2,796)
Repayment from affiliated companies	-	75,949
Repayment to affiliated companies	-	(695)
Interest received	857	3,492
Other receipts from investing activities	3,238	160
Net cash (used in)/generated from investing activities	(5,147)	83,695
FINANCING ACTIVITIES		
Capital distribution	(237)	(224)
Repayment of bank borrowings	(30,000)	(27,500)
Treasury shares acquired	-	(75,900)
Dividends paid	(34,748)	(471)
Interest paid on bank borrowings	(4,840)	(7,462)
Net cash used in financing activities	(69,825)	(111,557)
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,864	118,966
CASH & CASH EQUIVALENTS AT 1 MAY	126,173	246,860
Exchange difference	(51)	714
CASH & CASH EQUIVALENTS AT 31 JULY	151,986	366,540
	3-month ended 31-7-2008 RM'000	3-month ended 31-7-2007 RM'000
Cash and cash equivalents carried forward comprise the following :		
Cash and bank balances	28,654	36,082
Deposits with financial institutions	123,332	330,458
	151,986	366,540

The annexed notes form an integral part of this quarterly financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2008
NOTES TO THE QUARTERLY FINANCIAL REPORT

- A1 The quarterly financial report is not audited and has been prepared in compliance with FRS 134, Interim Financial Reporting.

The quarterly financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2008.

The same accounting policies and methods of computation used in the preparation of the financial statements for the year ended 30 April 2008 have been applied in the preparation of the quarterly financial statements under review except for the adoption of the new and revised Financial Reporting Standards ("FRS"), amendments to FRSs and Interpretations, as listed in the audited financial statements for year ended 30 April 2008, which were effective for financial periods beginning on or after 1 July 2007. These FRSs have no significant impact on the financial statements of the Group upon their initial application.

- A2 Our business operations are not significantly affected by seasonal or cyclical factors except for our toto betting operations that may be positively impacted by the festive seasons.
- A3 There were no other unusual items as a result of their nature, size or incidence that had affected assets, liabilities, equity, net income or cash flows for the quarter ended 31 July 2008.

There were no changes in estimates reported in the prior financial year that had a material effect in the current quarter.

- A4 The cumulative shares bought back are being held as treasury shares with none of the shares being cancelled or resold during the first quarter ended 31 July 2008.

The number of treasury shares held in hand as at 31 July 2008 are as follows :

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 May 2008 / 31 July 2008	4.27	95,030,072	406,099

As at 31 July 2008, the number of outstanding shares in issue and fully paid with voting rights was 1,256,000,000 ordinary shares of RM0.10 each (30 April 2008 : 1,256,000,000 ordinary shares of RM0.10 each).

- A5 The Company did not pay any dividend in the current period ended 31 July 2008.

Subsequent to the financial period ended 31 July 2008, the Company had on 29 August 2008 paid the fourth interim dividend, in respect of the financial year ended 30 April 2008, of 9 sen per share on 1,256,000,000 ordinary shares with voting rights, less income tax of 26% amounting to RM83,649,600.

A6 Segmental revenue and results for the financial period ended 31 July 2008 were as follows :

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting operations	821,568	-	821,568
Others	4,334	948	5,282
Elimination : Intersegment Revenue	-	(948)	(948)
Total revenue	<u>825,902</u>	<u>-</u>	<u>825,902</u>
 <u>RESULTS</u>			
Toto betting operations			136,857
Others			<u>(1,903)</u>
			134,954
Unallocated corporate expenses			<u>(2,160)</u>
Operating profit			132,794
Finance costs			(4,599)
Interest income			1,101
Other investment related income			2,425
Investment related expenses			<u>(1,022)</u>
Profit before tax			130,699
Income tax expense			<u>(36,720)</u>
Profit for the period			<u>93,979</u>

A7 There were no material subsequent events for the financial period ended 31 July 2008 up to the date of this announcement.

A8 There were no changes in the composition of the Group for the current quarter ended 31 July 2008 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for the following :

- i) Prime Gaming Philippines, Inc. ("PGPI"), a subsidiary company bought back 3,500,000 of its common shares from the open market at a price of Php120 per share at a total consideration of Php420,000,000 (equivalent to RM31,164,000). The shares bought back by PGPI included a total of 2,852,975 PGPI's shares from Berjaya Sports Toto (Cayman) Limited and Berjaya Lottery Management (HK) Limited with no change of equity interests held by these two subsidiary companies in PGPI.

A9 The changes in contingent liabilities since the last audited balance sheet date as at 30 April 2008 are as follows :

	RM'000
<u>Unsecured</u>	
Corporate Guarantee given by the Company to financial institutions for a RM600 million syndicated credit facilities granted to a wholly-owned subsidiary company :	
Balance as at 1 May 2008	360,000
Reduction due to repayment of borrowings	<u>(30,000)</u>
Balance as at 31 July 2008	<u>330,000</u>

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2008
ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

B1 For the quarter

As compared to the corresponding quarter ended 31 July 2007, the Group recorded an increase in revenue of 9.1% but registered a decrease in pre-tax profit of 7.6% mainly due to the results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the following paragraph.

The principal subsidiary, Sports Toto achieved a growth in revenue of 9.2% to RM796.6 million compared to RM729.8 million in the previous year corresponding quarter even though the current quarter had two draws less. In spite of the aforesaid, revenue, on a per draw basis, increased by approximately 14.8% compared to previous year corresponding quarter due to strong sales of the 4 Digit game together with three months contribution from the Mega 6/52 game compared to one month in the corresponding quarter. However, Sports Toto recorded a decrease in pre-tax profit of 7.4% mainly due to higher prize payout in the current quarter under review.

B2 Quarter 1 Vs Quarter 4 of preceding financial year

As compared to the preceding quarter ended 30 April 2008, the Group recorded a drop in revenue of 4.7% but achieved an increase in pre-tax profit of 39.1%. This was mainly attributed to the results of Sports Toto as explained in the ensuing paragraph. The lower revenue recorded was also attributed to the higher sales recognised by International Lottery & Totalizator Systems, Inc. in the preceding quarter.

Sports Toto, the principal subsidiary, recorded a drop in revenue of 3.0% mainly due to the preceding quarter having high seasonal sales from the Chinese Lunar New Year festive season in February 2008 as well as the current quarter having one draw less than the preceding quarter. On a per draw basis, revenue for the current quarter under review decreased marginally by 0.6% compared to the preceding quarter. The increase in pre-tax profit of 49.8% in spite of the drop in revenue was mainly attributed to a higher prize payout and higher marketing expenditure incurred in the preceding quarter ended 30 April 2008.

B3 Barring unforeseen circumstances, the Directors are confident that the Group's performance for the remaining quarters of the financial year ending 30 April 2009 will be good.

B4 Not applicable.

B5 Income tax expense

Current quarter and
financial period
ended 31 July 2008
RM'000

Based on the results for the period:

- Malaysian income tax	30,924
- Foreign countries income tax	5,278
- Origination and reversal of temporary differences	518
	<u>36,720</u>

The effective tax rate on the Group's profit for financial period ended 31 July 2008 was higher than the statutory tax rate mainly due to certain expenses being disallowed for taxation purposes.

B6 Other than subsidiary companies with principal activities of property development, there were no profits / (losses) on sale of properties and there were no profits / (losses) on sale of unquoted investments for the financial period ended 31 July 2008.

B7 The particulars of the acquisition and disposal of quoted investments by the Group were as follows :

(a) The acquisition and disposal of quoted securities during the financial period ended 31 July 2008 were as follows :

Current quarter
ended 31 July 2008
RM'000

Cost of purchase of quoted securities	-
Disposal of quoted securities	<u>620</u>
Gain/Loss on disposal of quoted securities	<u>-</u>

(b) Investments in quoted securities as at 31 July 2008 were as follows :

Current quarter
ended 31 July 2008
RM'000

(i) Total quoted long term investments at cost	<u>21,021</u>
(ii) Total quoted long term investments at book value	<u>13,328</u>
(iii) Total quoted long term investments at market value	<u>13,338</u>
(i) Total quoted short term investments at cost	<u>1,237</u>
(ii) Total quoted short term investments at book value	<u>1,237</u>
(iii) Total quoted short term investments at market value	<u>1,237</u>

B8 There were no other corporate proposals announced but not completed as at the date of this announcement.

B9 The Group's bank borrowings as at 31 July 2008 were as follows :

		RM'000
<u>Unsecured</u>		
Short term borrowings :	Denominated in Ringgit Malaysia	125,000
Long term borrowings :	Denominated in Ringgit Malaysia	<u>205,000</u>
Total		<u>330,000</u>

- B10 The Group has not entered into any financial instruments with off balance sheet risk since the last annual balance sheet date up to the date of this announcement saved for that disclosed in Note A9.
- B11 There is no pending material litigation since the last annual balance sheet date up to the date of this announcement.
- B12 The Board has declared a first interim dividend of 6 sen per share less 25% income tax (31 July 2007 : 10 sen per share less 26% income tax) in respect of the financial year ending 30 April 2009 and payable on 20 October 2008. The entitlement date has been fixed on 6 October 2008.

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 8 September 2008 of 1.256 billion, the first interim net dividend distribution for the financial year ending 30 April 2009 is approximately RM56.5 million **representing about 61.2% of the attributable profit of the Group** for the financial period ended 31 July 2008.

A Depositor shall qualify for the entitlement only in respect of :

- a. Shares transferred to the Depositor's Securities Account before 4:00 p.m. on 6 October 2008 in respect of ordinary transfers.
 - b. Shares bought on Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the rules of BMSB.
- B13 The earnings per share is calculated by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue with voting rights as follows :

	<u>Group (3-month ended)</u>	
	31-7-08	31-07-07
Profit attributable to equity holders of the Company (RM'000)	92,390	100,273
Weighted average number of ordinary shares in issue with voting rights ('000)	1,256,000	1,274,380
Basic earnings per share (sen)	7.36	7.87

The diluted earnings per share for the financial period ended 31 July 2008 has not been presented as there was no potential ordinary shares outstanding.

cc: Securities Commission