

Berjaya Sports Toto Berhad

(Company no: 9109-K)

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

<u>Table of contents</u>	Page
Condensed Consolidated Balance Sheet	1
Condensed Consolidated Income Statement	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Quarterly Financial Report	5 - 7
Additional Information Required by Listing Requirements of Bursa Malaysia Securities Berhad	8 - 11

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

	Group	
	31-10-2008	30-4-2008
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	93,528	94,910
Long term investments	10,751	14,993
Investment properties	73,552	71,205
Investment in associated companies	165	165
Prepaid land lease payments	2,724	2,743
Deferred tax assets	786	858
Intangible assets	618,341	618,425
	799,847	803,299
Current assets		
Inventories	7,873	7,832
Receivables	49,648	68,463
Tax recoverable	18,920	16,627
Short term investments	1,350	1,794
Deposits, cash and bank balances	180,929	126,173
	258,720	220,889
TOTAL ASSETS	1,058,567	1,024,188
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	14,556	10,853
Retained earnings	449,350	383,388
Equity funds	806,440	736,775
Less : Treasury shares	(406,099)	(406,099)
Net equity funds	400,341	330,676
Minority interests	16,525	23,244
Total equity	416,866	353,920
Non-current liabilities		
Retirement benefit obligations	1,094	1,004
Borrowings	172,500	237,500
Deferred tax liabilities	2,991	2,473
Deferred liabilities	35,018	34,992
	211,603	275,969
Current liabilities		
Provisions	195	1,340
Payables	261,388	244,785
Borrowings	127,500	122,500
Tax payable	41,015	25,674
Total current liabilities	430,098	394,299
Total liabilities	641,701	670,268
TOTAL EQUITY AND LIABILITIES	1,058,567	1,024,188
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.32	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 OCTOBER 2008
CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		6 months ended	
	31-10-2008 RM'000	31-10-2007 RM'000	31-10-2008 RM'000	31-10-2007 RM'000
REVENUE	941,788	792,471	1,767,690	1,549,469
PROFIT FROM OPERATIONS	168,426	121,981	301,220	262,404
Investment related income	1,371	6,009	4,897	14,544
Investment related expenses	(3,190)	(2,695)	(4,212)	(4,496)
Finance costs	(4,211)	(6,089)	(8,810)	(11,808)
PROFIT BEFORE TAX	162,396	119,206	293,095	260,644
INCOME TAX EXPENSE	(46,393)	(28,281)	(83,113)	(68,191)
PROFIT FOR THE PERIOD	116,003	90,925	209,982	192,453
ATTRIBUTABLE TO :				
Equity holders of the parent	113,742	89,470	206,132	189,743
Minority interests	2,261	1,455	3,850	2,710
	116,003	90,925	209,982	192,453
EARNINGS PER SHARE (SEN)				
-Basic	9.06	7.09	16.41	14.96
-Diluted	9.06	7.09	16.41	14.96
DIVIDEND PER SHARE (SEN)				
- First interim	-	-	4.50	7.40
- Second interim	5.25	5.92	5.25	5.92

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

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

	Attributable to Equity Holders of the Parent						
	Share capital RM'000	Treasury shares RM'000	Reserves		Total to holders of parent company RM'000	Minority interests RM'000	Total Equity RM'000
			Non- distributable RM'000	Distributable 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	-	-	3,703	-	3,703	(4,763)	(1,060)
Net income recognised directly in equity	-	-	3,703	-	3,703	(4,763)	(1,060)
Profit for the period	-	-	-	206,132	206,132	3,850	209,982
Total recognised income and expense for the period	-	-	3,703	206,132	209,835	(913)	208,922
Adjustment due to foreign subsidiary company's share buyback	-	-	-	-	-	(5,806)	(5,806)
Distribution of dividends	-	-	-	(140,170)	(140,170)	-	(140,170)
At 31 October 2008	135,103	(406,099)	221,987	449,350	400,341	16,525	416,866
At 1 May 2007	135,103	(281,239)	218,199	346,222	418,285	10,179	428,464
Share buyback	-	(99,624)	-	-	(99,624)	-	(99,624)
Foreign currency translation of foreign subsidiary companies	-	-	7,738	-	7,738	1,903	9,641
Net income recognised directly in equity	-	-	7,738	-	7,738	1,903	9,641
Profit for the period	-	-	-	189,743	189,743	2,710	192,453
Total recognised income and expense for the period	-	-	7,738	189,743	197,481	4,613	202,094
Distribution of dividends	-	-	-	(162,489)	(162,489)	-	(162,489)
At 31 October 2007	135,103	(380,863)	225,937	373,476	353,653	14,792	368,445

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

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

	6-month ended 31-10-2008 RM'000	6-month ended 31-10-2007 RM'000
OPERATING ACTIVITIES		
Receipts from customers	1,943,297	1,682,686
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(1,640,491)	(1,502,642)
Other receipts	1,244	2,693
Net cash generated from operating activities	304,050	182,737
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	202	441
Net proceeds from disposal of investments	1,684	10,671
Acquisition of treasury shares by a subsidiary company	(5,805)	-
Acquisition of property, plant and equipment	(10,100)	(5,210)
Acquisition of investments	(1,013)	-
Repayment from a related company	-	75,883
Interest received	2,283	1,215
Other receipts for investing activities	3,279	354
Net cash (used in)/generated from investing activities	(9,470)	83,354
FINANCING ACTIVITIES		
Capital distributions	(255)	(276)
Repayment of bank borrowings	(60,000)	(55,000)
Treasury shares acquired	-	(99,624)
Dividends paid	(173,929)	(162,537)
Interest paid on bank borrowings	(9,093)	(12,990)
Net cash used in financing activities	(243,277)	(330,427)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	51,303	(64,336)
CASH & CASH EQUIVALENTS AT 1 MAY	126,173	246,860
Exchange difference	3,453	623
CASH & CASH EQUIVALENTS AT 31 OCTOBER	180,929	183,147

	6-month ended 31-10-2008 RM'000	6-month ended 31-10-2007 RM'000
Cash and cash equivalents carried forward comprise the following :		
Cash and bank balances	62,321	40,672
Deposits with financial institutions	118,608	142,475
	180,929	183,147

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

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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 the 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 October 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 second quarter ended 31 October 2008.

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

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

As at 31 October 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 During the financial period ended 31 October 2008, the Company paid the following dividends :
- fourth interim dividend on 29 August 2008, in respect of 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.
 - first interim dividend on 20 October 2008, in respect of financial year ending 30 April 2009, of 6 sen per share on 1,256,000,000 ordinary shares with voting rights, less income tax of 25% amounting to RM56,520,000.

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

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting operations	1,758,319	-	1,758,319
Others	9,371	6,005	15,376
Elimination : Intersegment Revenue	-	(6,005)	(6,005)
Total revenue	<u>1,767,690</u>	<u>-</u>	<u>1,767,690</u>
 <u>RESULTS</u>			
Toto betting operations			307,103
Others			<u>(1,440)</u>
			305,663
Unallocated corporate expenses			<u>(4,443)</u>
Operating profit			301,220
Finance costs			(8,810)
Interest income			2,530
Other investment related income			2,367
Investment related expenses			<u>(4,212)</u>
Profit before tax			293,095
Income tax expense			<u>(83,113)</u>
Profit for the period			<u>209,982</u>

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

A8 There were no changes in the composition of the Group for the current period ended 31 October 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.
- ii) incorporation of a wholly-owned subsidiary company of the Company, Berjaya-ILTS Limited ("Berjaya-ILTS") in Hong Kong. Berjaya-ILTS is presently a dormant company. It has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each of which 1 share of HK\$1.00 has been issued and fully paid-up. The intended principal activities of Berjaya-ILTS are sales and marketing of lottery systems and related products and services.

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>(60,000)</u>
Balance as at 31 October 2008	<u><u>300,000</u></u>

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

B1 For the quarter

As compared to the previous year corresponding quarter ended 31 October 2007, the Group achieved commendable growth in revenue and pre-tax profit of 18.8% and 36.2% respectively mainly due to the results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the ensuing paragraph.

The principal subsidiary, Sports Toto achieved a growth in revenue of 19% to RM913.4 million as compared to RM767.8 million in the previous year corresponding quarter even though the current quarter had one draw less. On a per draw basis, revenue increased by approximately 21.9% mainly attributed to strong sales of the Mega 6/52 game which recorded its highest ever jackpot prize of RM20.0 million in October 2008 as well as improved sales contribution from the 4 Digit game. The higher increase in pre-tax profit of 38.2% in the current quarter compared to the increase in revenue was due to lower prize payout in the current quarter under review.

For the 6-month period

For the 6-month period under review, the Group recorded an increase in revenue and pre-tax profit of 14.1% and 12.5% respectively as compared to the previous year corresponding period ended 31 October 2007.

The principal subsidiary, Sports Toto, recorded growth in revenue and pre-tax profit of 14.2% and 13.9% respectively as compared to previous year corresponding period ended 31 October 2007. Sports Toto registered an increase in revenue from RM1.5 billion to RM1.7 billion in spite of the current period under review having three draws less than the previous year corresponding period. On a per draw basis, revenue increased by 18.5% mainly due to higher sales of the 4 Digit game together with six months contribution from the Mega 6/52 game compared to four months in the previous year corresponding period. The current period under review also had the benefit of the high jackpots for the Mega 6/52 game of RM16 million and RM20 million in May and October 2008 respectively.

B2 Quarter 2 Vs Quarter 1

When compared with the preceding quarter ended 31 July 2008, the Group achieved a growth in revenue and pre-tax profit of 14.0% and 24.3% respectively.

The principal subsidiary, Sport Toto, recorded an increase in revenue of 14.7% to RM913.4 million as compared to RM796.6 million in the preceding quarter. The increase in revenue was mainly attributed to strong sales of Mega 6/52 and 4 Digit games coupled with the current quarter having two draws more than the preceding quarter. On a per draw basis, revenue increased by 9.1% as compared to the preceding quarter. The higher increase in pre-tax profit of 30.2% was attributed to lower prize payout in the current quarter under review.

B3 The Directors took cognizance of the prevailing global economic conditions arising from the financial meltdown in the West and its contagion effect on the Malaysian economy but expect the gaming industry to be resilient. Barring unforeseen circumstances, the Directors are optimistic that the Group's performance for the remaining quarters of the financial year ending 30 April 2009 will be good in view of the forthcoming New Year and Chinese Lunar New Year festivities.

B4 Not applicable.

B5 Income tax expense

	Current quarter RM'000	Financial period ended 31 October 2008 RM'000
Based on the results for the period :		
- Malaysian taxation	42,343	73,267
- Overprovision in prior year	(412)	(412)
- Foreign countries income tax	4,462	9,740
- Origination and reversal of temporary differences	-	518
	<u>46,393</u>	<u>83,113</u>

The effective tax rate on the Group's profit for the current quarter and financial period ended 31 October 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 October 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 October 2008 were as follows :

	Current quarter RM'000	Financial period ended 31 October 2008 RM'000
Cost of purchase of quoted securities	<u>-</u>	<u>-</u>
Disposal of quoted securities	<u>-</u>	<u>-</u>
Gain on disposal of quoted securities	<u>-</u>	<u>-</u>

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

	Financial period ended 31 October 2008 RM'000
(i) Total quoted long term investments at cost	<u>21,007</u>
(ii) Total quoted long term investments at book value	<u>10,123</u>
(iii) Total quoted long term investments at market value	<u>10,123</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 October 2008 were as follows :

		RM'000
Short term borrowings :		
Unsecured	Denominated in Ringgit Malaysia	127,500
Long term borrowings :		
Unsecured	Denominated in Ringgit Malaysia	<u>172,500</u>
Total		<u><u>300,000</u></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 second interim dividend of 7 sen per share less 25% income tax (31 October 2007 : 8 sen per share less 26% income tax) in respect of the financial year ending 30 April 2009 and payable on 13 February 2009. The entitlement date has been fixed on 21 January 2009.

The first interim dividend of 6 sen per share less 25% income tax was paid on 20 October 2008. This will bring the total gross dividend distribution per share in respect of the financial period ended 31 October 2008 to 13 sen (previous year corresponding financial period ended 31 October 2007 : 18 sen per share).

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 12 December 2008 of 1.256 billion, the second interim net dividend distribution for the financial year ending 30 April 2009 is approximately RM65.9 million. This will bring the total net dividend distribution for the financial period ended 31 October 2008 to approximately RM122.5 million **representing about 59.4% of the attributable profit of the Group** for the financial period ended 31 October 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 21 January 2009 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 and fully paid with voting rights as follows :

	<u>Group (3-month period)</u>	
	<u>31-10-2008</u>	<u>31-10-2007</u>
Profit attributable to equity holders of the Company (RM'000)	113,742	89,470
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	1,256,000	1,261,574
Basic earnings per share (sen)	9.06	7.09
Diluted earnings per share (sen)	9.06	7.09
	<u>Group (6-month period)</u>	
	<u>31-10-2008</u>	<u>31-10-2007</u>
Profit attributable to equity holders of the Company (RM'000)	206,132	189,743
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	1,256,000	1,267,964
Basic earnings per share (sen)	16.41	14.96
Diluted earnings per share (sen)	16.41	14.96

Diluted earnings per share is same as basic earnings per share as there were no dilutive potential ordinary shares in issue during the financial period.

cc: Securities Commission