

# **Berjaya Sports Toto Berhad**

(Company no: 9109-K)

Subject: **UNAUDITED QUARTERLY FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JANUARY 2009**

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**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2009**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>Group</b>	
	<b>31-1-2009</b>	<b>30-4-2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	98,604	94,910
Long term investments	12,986	14,993
Investment properties	73,552	71,205
Investment in associated companies	165	165
Prepaid land lease payments	2,715	2,743
Deferred tax assets	4,236	858
Intangible assets	619,955	618,425
	812,213	803,299
<b>Current assets</b>		
Inventories	7,525	7,832
Receivables	76,420	68,463
Tax recoverable	12,440	16,627
Short term investments	1,390	1,794
Deposits, cash and bank balances	215,788	126,173
	313,563	220,889
<b>TOTAL ASSETS</b>	1,125,776	1,024,188
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital (par value per share : RM0.10)	135,103	135,103
Share premium	207,431	207,431
Exchange reserve	17,826	10,853
Capital reserve	27,184	-
Retained earnings	453,338	383,388
Equity funds	840,882	736,775
Less : Treasury shares	(406,099)	(406,099)
Net equity funds	434,783	330,676
Minority interests	15,790	23,244
<b>Total equity</b>	450,573	353,920
<b>Non-current liabilities</b>		
Retirement benefit obligations	1,216	1,004
Borrowings	140,000	237,500
Deferred tax liabilities	1,917	2,473
Deferred liabilities	35,148	34,992
	178,281	275,969
<b>Current liabilities</b>		
Provisions	94	1,340
Payables	249,948	244,785
Borrowings	130,000	122,500
Tax payable	50,940	25,674
Dividend payable	65,940	-
<b>Total current liabilities</b>	496,922	394,299
<b>Total liabilities</b>	675,203	670,268
<b>TOTAL EQUITY AND LIABILITIES</b>	1,125,776	1,024,188
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.35	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 JANUARY 2009**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**

	3 months ended			9 months ended		
	31-1-2009 RM'000	31-1-2008 RM'000	+/<-> %	31-1-2009 RM'000	31-1-2008 RM'000	+/<-> %
REVENUE	1,057,663	861,477	22.8	2,825,353	2,410,946	17.2
PROFIT FROM OPERATIONS	142,004	153,915	(7.7)	443,224	416,319	6.5
Investment related income	3,392	1,459	132.5	8,289	16,003	(48.2)
Investment related expenses	(115)	(1,750)	(93.4)	(4,327)	(6,246)	(30.7)
Finance costs	(3,861)	(5,570)	(30.7)	(12,671)	(17,378)	(27.1)
PROFIT BEFORE TAX	141,420	148,054	(4.5)	434,515	408,698	6.3
INCOME TAX EXPENSE	(42,960)	(47,608)	(9.8)	(126,073)	(115,799)	8.9
PROFIT FOR THE PERIOD	98,460	100,446	(2.0)	308,442	292,899	5.3
ATTRIBUTABLE TO :						
Equity holders of the parent	97,112	98,158	(1.1)	303,244	287,901	5.3
Minority interests	1,348	2,288	(41.1)	5,198	4,998	4.0
	98,460	100,446	(2.0)	308,442	292,899	5.3
EARNINGS PER SHARE (SEN)						
-Basic	7.73	7.79	(0.8)	24.14	22.75	6.1
-Diluted	7.73	7.79	(0.8)	24.14	22.75	6.1
DIVIDEND PER SHARE (SEN)						
- First interim	-	-		4.50	7.40	
- Second interim	-	-		5.25	5.92	
- Third interim	4.46	5.92		4.46	5.92	

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

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2009**  
**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			
<b>At 1 May 2008</b>	135,103	(406,099)	218,284	383,388	330,676	23,244	353,920
Foreign currency translation of foreign subsidiary companies	-	-	6,973	-	6,973	(2,251)	4,722
Net income recognised directly in equity	-	-	6,973	-	6,973	(2,251)	4,722
Profit for the period	-	-	-	303,244	303,244	5,198	308,442
Total recognised income and expense for the period	-	-	6,973	303,244	310,217	2,947	313,164
Adjustment due to foreign subsidiary company's share buyback	-	-	-	-	-	(10,401)	(10,401)
Transferred from distributable profits to capital reserves due to a foreign subsidiary company's issuance of bonus shares	-	-	27,184	(27,184)	-	-	-
Distribution of dividends	-	-	-	(206,110)	(206,110)	-	(206,110)
<b>At 31 January 2009</b>	135,103	(406,099)	252,441	453,338	434,783	15,790	450,573
<b>At 1 May 2007</b>	135,103	(281,239)	218,199	346,222	418,285	10,179	428,464
Share buyback	-	(114,786)	-	-	(114,786)	-	(114,786)
Foreign currency translation of foreign subsidiary companies	-	-	7,880	-	7,880	4,657	12,537
Net income recognised directly in equity	-	-	7,880	-	7,880	4,657	12,537
Profit for the period	-	-	-	287,901	287,901	4,998	292,899
Total recognised income and expense for the period	-	-	7,880	287,901	295,781	9,655	305,436
Distribution of dividends	-	-	-	(237,142)	(237,142)	-	(237,142)
<b>At 31 January 2008</b>	135,103	(396,025)	226,079	396,981	362,138	19,834	381,972

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

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2009**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>9-month ended 31-1-2009 RM'000</b>	<b>9-month ended 31-1-2008 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Receipts from customers	3,060,715	2,634,428
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(2,686,661)	(2,336,303)
Other receipts	8,287	35
<b>Net cash generated from operating activities</b>	<b>382,341</b>	<b>298,160</b>
<b>INVESTING ACTIVITIES</b>		
Net proceeds from disposal of property, plant and equipment	667	561
Net proceeds from disposal of investments	2,055	8,493
Acquisition of treasury shares by a subsidiary company	(12,351)	-
Acquisition of property, plant and equipment	(17,421)	(11,628)
Acquisition of other investments	(4,570)	-
Repayment from related companies	-	76,013
Interest received	3,535	7,504
Other receipts for investing activities	6,379	606
<b>Net cash (used in)/generated from investing activities</b>	<b>(21,706)</b>	<b>81,549</b>
<b>FINANCING ACTIVITIES</b>		
Capital distributions	(255)	(282)
Repayment of bank borrowings	(90,000)	(82,500)
Treasury shares acquired	-	(110,684)
Dividends paid	(174,761)	(236,868)
Interest paid on bank borrowings	(13,043)	(16,912)
<b>Net cash used in financing activities</b>	<b>(278,059)</b>	<b>(447,246)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>82,576</b>	<b>(67,537)</b>
<b>CASH &amp; CASH EQUIVALENTS AT 1 MAY</b>	<b>126,173</b>	<b>246,860</b>
Exchange difference	7,039	1,447
<b>CASH &amp; CASH EQUIVALENTS AT 31 JANUARY</b>	<b>215,788</b>	<b>180,770</b>

	<b>9-month ended 31-1-2009 RM'000</b>	<b>9-month ended 31-1-2008 RM'000</b>
Cash and cash equivalents carried forward comprise the following :		
Cash and bank balances	60,565	43,150
Deposits with financial institutions	155,223	137,620
	<b>215,788</b>	<b>180,770</b>

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

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2009**  
**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 and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 January 2009.

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 third quarter ended 31 January 2009.

The number of treasury shares held in hand as at 31 January 2009 are as follows :

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 May 2008 / 31 January 2009	4.27	95,030,072	406,099

As at 31 January 2009, 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 January 2009, the Company paid the following dividends :
- i) 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.
  - ii) 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 January 2009 were as follows :

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting operations	2,813,279	-	2,813,279
Others	12,074	8,035	20,109
Elimination : Intersegment Revenue	-	(8,035)	(8,035)
Total revenue	<u>2,825,353</u>	<u>-</u>	<u>2,825,353</u>
 <u>RESULTS</u>			
Toto betting operations			455,664
Others			(5,512)
			<u>450,152</u>
Unallocated corporate expenses			(6,928)
Operating profit			443,224
Finance costs			(12,671)
Interest income			3,746
Other investment related income			4,543
Investment related expenses			(4,327)
Profit before tax			434,515
Income tax expense			(126,073)
Profit for the period			<u>308,442</u>

A7 There were no material subsequent events for the financial period ended 31 January 2009 up to the date of this announcement.

A8 There were no changes in the composition of the Group for the current period ended 31 January 2009 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 had in May 2008 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 in September 2008. 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.
- iii) Prime Gaming Philippines, Inc., a subsidiary company had completed the following exercises by December 2008 :
  - a) reduction of the par value of its ordinary share capital from Php10 each to Php1 each;
  - b) cancellation of its treasury shares against share capital and retained earnings;
  - c) issuance of 60% bonus shares ("stock dividend"), a total of 357,744,168 ordinary shares;
  - d) bought back 40,000,000 of its common shares from open market at a price of Php7.5 per share at a total consideration of Php300,780,000 (equivalent to RM22,017,000). The shares bought back by PGPI included a total of 32,578,189 PGPI's shares from Berjaya Sports Toto (Cayman) Limited ("BSTC") and Berjaya Lottery Management (HK) Limited ("BLM").

After completion of the exercises, the equity interests held by BSTC and BLM in PGPI will remain the same at 9.12% and 72.33% respectively.

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>(90,000)</u>
Balance as at 31 January 2009	<u><u>270,000</u></u>



**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2009**  
**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 January 2008, the Group achieved an increase in revenue of 22.8% but recorded a decrease in pre-tax profit of 4.5% 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 23.4% to RM1.028 billion as compared to RM832.8 million in the previous year corresponding quarter mainly attributed to four additional draws in the current quarter under review as well as traditionally high Chinese Lunar New Year festival sales in the month of January 2009. However, the pre-tax profit decreased by 7.7% as compared to previous year corresponding quarter ended 31 January 2008. The decrease in pre-tax profit as compared to the increase in revenue was mainly due to higher prize payout in the current quarter under review.

**For the 9-month period**

For the 9-month period under review, the Group recorded an increase in revenue and pre-tax profit of 17.2% and 6.3% respectively as compared to the previous year corresponding period ended 31 January 2008.

The principal subsidiary, Sports Toto, achieved an increase in revenue of 17.5% to RM2.74 billion as compared to RM2.33 billion in the previous year corresponding period ended 31 January 2008. The increase in revenue was mainly attributed to one additional draw in the current period under review. The pre-tax profit increased by 5.9% as compared to previous year corresponding period ended 31 January 2008. The lower increase in pre-tax profit as compared to the increase in revenue was mainly due to higher prize payout in the current period under review.

**B2 Quarter 3 Vs Quarter 2**

When compared with the preceding quarter ended 31 October 2008, the Group recorded an increase in revenue of 12.3% but recorded a decrease in pre-tax profit of 12.9%.

The principal subsidiary, Sport Toto, achieved an increase in revenue of 12.5% to approximately RM1.028 billion but registered a decrease in pre-tax profit of 15.7% as compared to the preceding quarter. The increase in revenue was mainly attributed to five additional draws in the current quarter under review coupled with traditionally higher sales from the Chinese Lunar New Year festival in the month of January 2009. The decrease in pre-tax profit in spite of the increase in revenue was mainly due to higher prize payout in the current quarter under review.

**B3** With the prevailing global economic conditions and its impact on the Malaysian economy, the Directors are of the view that the Numbers Forecast Operators (NFO) business is expected to remain resilient. Barring unforeseen circumstances, the Directors are optimistic that the Group's performance for the remaining quarter of the financial year ending 30 April 2009 will be good.

**B4** Not applicable.

B5 Income tax expense

	Current quarter RM'000	Financial period ended 31 January 2009 RM'000
Based on the results for the period :		
- Malaysian taxation	40,798	114,065
- Underprovision in prior year	493	81
- Foreign countries income tax	6,146	15,886
- Origination and reversal of temporary differences	(4,477)	(3,959)
	<u>42,960</u>	<u>126,073</u>

The effective tax rate on the Group's profit for the current quarter and financial period ended 31 January 2009 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 January 2009.

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 January 2009 were as follows :

	Current quarter RM'000	Financial period ended 31 January 2009 RM'000
Cost of purchase of quoted securities	<u>3,180</u>	<u>3,180</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 January 2009 were as follows :

	Financial period ended 31 January 2009 RM'000
(i) Total quoted long term investments at cost	<u>21,840</u>
(ii) Total quoted long term investments at book value	<u>12,358</u>
(iii) Total quoted long term investments at market value	<u>12,432</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 January 2009 were as follows :

		RM'000
Short term borrowings :		
Unsecured	Denominated in Ringgit Malaysia	130,000
Long term borrowings :		
Unsecured	Denominated in Ringgit Malaysia	<u>140,000</u>
Total		<u><u>270,000</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 third interim dividend of 5 sen per share comprising 2.85 sen single-tier exempt dividend and 2.15 sen dividend less 25% income tax (31 January 2008 : 8 sen per share less 26% income tax) in respect of the financial year ending 30 April 2009 and payable on 15 May 2009. The entitlement date has been fixed on 28 April 2009.

The first interim dividend of 6 sen per share less 25% income tax was paid on 20 October 2008, the second interim dividend of 7 sen per share less 25% income tax was paid on 13 February 2009. This will bring the total gross dividend distribution per share in respect of the financial period ended 31 January 2009 to 18 sen comprising 15.15 sen dividend less tax and 2.85 sen single-tier exempt dividend (previous year corresponding financial period ended 31 January 2008 : 26 sen per share less 26% income tax).

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 16 March 2009 of 1.256 billion, the third interim net dividend distribution for the financial year ending 30 April 2009 is approximately RM56.049 million. This will bring the total net dividend distribution for the financial period ended 31 January 2009 to approximately RM178.509 million **representing about 58.9% of the attributable profit of the Group** for the financial period ended 31 January 2009.

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 28 April 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>31-1-2009</u>	<u>31-1-2008</u>
Profit attributable to equity holders of the Company (RM'000)	<u>97,112</u>	<u>98,158</u>
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	<u>1,256,000</u>	<u>1,260,824</u>
Basic earnings per share (sen)	<u>7.73</u>	<u>7.79</u>
Diluted earnings per share (sen)	<u>7.73</u>	<u>7.79</u>
	<u>Group (9-month period)</u>	
	<u>31-1-2009</u>	<u>31-1-2008</u>
Profit attributable to equity holders of the Company (RM'000)	<u>303,244</u>	<u>287,901</u>
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	<u>1,256,000</u>	<u>1,265,584</u>
Basic earnings per share (sen)	<u>24.14</u>	<u>22.75</u>
Diluted earnings per share (sen)	<u>24.14</u>	<u>22.75</u>

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