

# **Berjaya Sports Toto Berhad**

(Company no: 9109-K)

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

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

	<b>Group</b>	
	<b>31-7-2009</b>	<b>30-4-2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	96,545	98,362
Long term investments	16,033	13,204
Investment properties	73,166	73,166
Investment in associated companies	164	164
Prepaid land lease payments	2,696	2,705
Deferred tax assets	6,523	5,214
Intangible assets	645,056	618,358
	<u>840,183</u>	<u>811,173</u>
<b>Current assets</b>		
Inventories	8,394	7,471
Receivables	37,395	50,483
Tax recoverable	8,445	8,443
Short term investments	3,135	6,429
Deposits, cash and bank balances	226,014	230,475
	<u>283,383</u>	<u>303,301</u>
<b>TOTAL ASSETS</b>	<u>1,123,566</u>	<u>1,114,474</u>
<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
Capital reserve	21,327	21,327
Exchange reserve	11,528	11,729
Retained earnings	61,225	513,456
Equity funds	229,183	889,046
Less : Treasury shares	(22,785)	(406,099)
Net equity funds	206,398	482,947
Minority interests	9,784	15,959
<b>Total equity</b>	<u>216,182</u>	<u>498,906</u>
<b>Non-current liabilities</b>		
Retirement benefit obligations	1,388	1,308
Borrowings	359,247	124,247
Deferred tax liabilities	1,710	1,710
Deferred liabilities	37,772	37,147
	<u>400,117</u>	<u>164,412</u>
<b>Current liabilities</b>		
Provisions	123	75
Payables	236,677	276,483
Borrowings	225,753	138,439
Tax payable	44,714	36,159
<b>Total current liabilities</b>	<u>507,267</u>	<u>451,156</u>
<b>Total liabilities</b>	<u>907,384</u>	<u>615,568</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,123,566</u>	<u>1,114,474</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.15	0.38

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 2009**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**

	3 months ended		+/-<-> %
	31-7-2009 RM'000	31-7-2008 RM'000	
REVENUE	826,165	825,902	0.0
PROFIT FROM OPERATIONS	141,850	132,794	6.8
Investment related income	3,780	3,526	7.2
Investment related expenses	(37)	(1,022)	(96.4)
Finance costs	(3,455)	(4,599)	(24.9)
PROFIT BEFORE TAX	142,138	130,699	8.8
INCOME TAX EXPENSE	(40,754)	(36,720)	11.0
PROFIT FOR THE PERIOD	101,384	93,979	7.9
ATTRIBUTABLE TO:			
Equity holders of the parent	100,452	92,390	8.7
Minority interests	932	1,589	(41.3)
	101,384	93,979	7.9
EARNINGS PER SHARE (SEN)			
-Basic	7.97	7.36	8.3
-Diluted	7.97	7.36	8.3
DIVIDEND PER SHARE (SEN)			
- First interim	19.00	4.50	
- Share dividend	30.50	-	

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

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 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 2009</b>	135,103	(406,099)	240,487	513,456	482,947	15,959	498,906
Effects of foreign exchange differences	-	-	(201)	-	(201)	115	(86)
Net income and expenses recognised directly in equity	-	-	(201)	-	(201)	115	(86)
Profit for the period	-	-	-	100,452	100,452	932	101,384
Total net recognised income and expense for the period	-	-	(201)	100,452	100,251	1,047	101,298
Adjustment due to the parent's increase equity interest in a foreign subsidiary company	-	-	-	-	-	(7,222)	(7,222)
Distribution of treasury shares as share dividend	-	383,314	(207,431)	(175,883)	-	-	-
Distribution of dividends	-	-	-	(376,800)	(376,800)	-	(376,800)
<b>At 31 July 2009</b>	135,103	(22,785)	32,855	61,225	206,398	9,784	216,182
<b>At 1 May 2008</b>	135,103	(406,099)	218,284	383,388	330,676	23,244	353,920
Effects of foreign exchange differences	-	-	(2,553)	-	(2,553)	1,341	(1,212)
Net income and expenses 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 net 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)
<b>At 31 July 2008</b>	135,103	(406,099)	215,731	392,128	336,863	20,368	357,231

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

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

	<b>3-month ended 31-7-2009 RM'000</b>	<b>3-month ended 31-7-2008 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Receipts from customers	906,751	906,313
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(785,927)	(805,509)
Other receipts	-	32
<b>Net cash generated from operating activities</b>	<b>120,824</b>	<b>100,836</b>
<b>INVESTING ACTIVITIES</b>		
Net proceeds from disposal of property, plant and equipment	77	176
Net proceeds from disposal of investments	3,294	620
Acquisition of additional equity interest in a subsidiary company	(33,959)	-
Acquisition of treasury shares by a subsidiary company	-	(5,805)
Acquisition of property, plant and equipment	(3,468)	(4,233)
Interest received	900	857
Other receipts from investing activities	479	3,238
<b>Net cash used in investing activities</b>	<b>(32,677)</b>	<b>(5,147)</b>
<b>FINANCING ACTIVITIES</b>		
Capital distribution	-	(237)
Drawdown of bank borrowings	380,000	-
Repayment of bank borrowings	(57,686)	(30,000)
Dividends paid	(411,285)	(34,748)
Interest paid on bank borrowings	(3,425)	(4,840)
<b>Net cash used in financing activities</b>	<b>(92,396)</b>	<b>(69,825)</b>
<b>NET (DECREASE) / INCREASE IN</b>		
<b>CASH AND CASH EQUIVALENTS</b>	<b>(4,249)</b>	<b>25,864</b>
<b>CASH &amp; CASH EQUIVALENTS AT 1 MAY</b>	<b>230,475</b>	<b>126,173</b>
Exchange difference	(212)	(51)
<b>CASH &amp; CASH EQUIVALENTS AT 31 JULY</b>	<b>226,014</b>	<b>151,986</b>
	<b>3-month ended 31-7-2009 RM'000</b>	<b>3-month ended 31-7-2008 RM'000</b>
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	39,991	28,654
Deposits with financial institutions	186,023	123,332
	<b>226,014</b>	<b>151,986</b>

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

**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 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 Bursa Securities Main Market Listing Requirements.

The quarterly financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 April 2009.

The same accounting policies and methods of computation used in the preparation of the financial statements for the year ended 30 April 2009 have been applied in the preparation of the quarterly financial statements under review.

- 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 2009 except for the distribution of share dividend on 27 July 2009 as mentioned in Notes A4 and A5 and reflected in the statement of changes in equity.

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 2009. On 27 July 2009, 89,698,140 treasury shares were distributed as share dividend on the basis of one treasury share for every fourteen existing ordinary shares held.

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

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 May 2009	4.27	95,030,072	406,099
Distributed as share dividend on 27 July 2009	4.27	(89,698,140)	(383,314)
Total treasury shares as at 31 July 2009	4.27	5,331,932	22,785

As at 31 July 2009, the number of outstanding shares in issue and fully paid with voting rights was 1,345,698,140 ordinary shares of RM0.10 each (30 April 2009 : 1,256,000,000 ordinary shares of RM0.10 each).

- A5 During the financial period ended 31 July 2009, the Company had on 27 July 2009 paid the following dividends:
- i) fourth interim tax exempt dividend in respect of financial year ended 30 April 2009, of 11 sen per share on 1,256,000,000 ordinary shares with voting rights amounting to RM138,160,000; and
  - ii) first interim dividend in respect of financial year ending 30 April 2010, of 19 sen per share comprising 9 sen tax exempt dividend and 10 sen single tier exempt dividend on 1,256,000,000 ordinary shares with voting rights amounting to RM238,640,000.

On 27 July 2009, the Company also distributed a share dividend, in respect of financial year ending 30 April 2010, via distribution of 89,698,140 treasury shares on the basis of one treasury share for every fourteen existing ordinary shares held.

A6 Segmental revenue and results for the financial period ended 31 July 2009 were as follows:

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	823,827	-	823,827
Others	2,338	4,365	6,703
Elimination : Intersegment Revenue	-	(4,365)	(4,365)
Total revenue	<u>826,165</u>	<u>-</u>	<u>826,165</u>
 <u>RESULTS</u>			
Toto betting and leasing of lottery equipment			148,934
Others			<u>(2,634)</u>
			146,300
Unallocated corporate expenses			<u>(4,450)</u>
Operating profit			141,850
Finance costs			(3,455)
Interest income			910
Other investment related income			2,870
Investment related expenses			<u>(37)</u>
Profit before tax			142,138
Income tax expense			<u>(40,754)</u>
Profit for the period			<u>101,384</u>

A7 There were no material subsequent events for the financial period ended 31 July 2009 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 2009 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for the following:

- i) On 4 May 2009, Berjaya Sports Toto (Cayman) Limited ("BSTC"), a wholly-owned subsidiary company had entered into a Share Sale Agreement with Ferrystar Limited for the acquisition of 60.655 million ordinary shares of Php1.00 each representing approximately 6.81% equity interest in Prime Gaming Philippines, Inc. ("PGPI"), a subsidiary company for a total consideration of Php455.95 million (equivalent to RM33.959 million). Upon completion of the acquisition, the total equity interests held by the Group increased from 81.45% to 88.26%.
- ii) On 15 June 2009, the Company entered into a Share Sale Agreement with its wholly-owned subsidiary, Magna Mahsuri Sdn Bhd ("Magna Mahsuri") for the disposal of 19,500,000 shares of USD1.00 each representing 100% of the issued and paid-up share capital of BSTC, another wholly-owned subsidiary of the Company for a total consideration of RM520.0 million. The total consideration of RM520.0 million for the sales of shares is satisfied by Magna Mahsuri via the issuance of 260.0 million new ordinary shares of RM1.00 each valued at RM2.00 per share. Upon completion of the disposal of BSTC, an exceptional gain on disposal of approximately RM469.33 million was recognised at the Company level. However, the disposal is an intra group transaction and does not have any effect at the Group level as the gain on disposal is eliminated under the consolidation principles.

A9 The changes in contingent liabilities since the last audited balance sheet date as at 30 April 2009 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 2009	262,686
Reduction due to repayment of borrowings	<u>(57,686)</u>
Balance as at 31 July 2009	<u><u>205,000</u></u>



**UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2009**  
**ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES MAIN MARKET**  
**LISTING REQUIREMENTS**

**B1** For the quarter

As compared to the corresponding quarter ended 31 July 2008, the Group achieved an increase in pre-tax profit of 8.8%, mainly due to the results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the following paragraph; while the revenue was marginally higher due to improved revenue reported by Prime Gaming Philippines, Inc..

The revenue of Sports Toto, the principal subsidiary, decreased marginally by 0.2% to RM795.4 million compared to RM796.6 million in the previous year corresponding quarter. However, Sports Toto achieved an increase in pre-tax profit of 6.6% to RM133.4 million from RM125.1 million in the corresponding quarter ended 31 July 2008. The increase in pre-tax profit was mainly attributed to a lower 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 2009, the Group registered decrease in revenue and pre-tax profit of 5.1% and 5.8% respectively. The performance of the Group was mainly attributed to the results of Sports Toto as explained in the ensuing paragraph and the lower revenue reported by Prime Gaming Philippines, Inc. in this quarter under review. The drop in pre-tax profit was mainly attributed to lower profit contribution from Prime Gaming Philippines, Inc. arising from lower revenue recorded.

Sports Toto recorded a drop in revenue of 4.5% but registered an increase in pre-tax profit of 0.3% compared to the preceding quarter. The increase in pre-tax profit despite the decrease in revenue was mainly attributed to a lower prize payout in the current quarter under review.

**B3** Given the prevailing economic conditions, 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 quarters of the financial year ending 30 April 2010 will be good.

**B4** Not applicable.

**B5** Income tax expense

	Current quarter and financial period ended 31 July 2009 RM'000
Based on the results for the period:	
- Malaysian income tax	36,686
- Foreign countries income tax	5,377
- Origination and reversal of temporary differences	(1,309)
	<hr/>
	40,754
	<hr/>

The effective tax rate on the Group's profit for financial period ended 31 July 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 July 2009.

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

(a) There were no acquisition and disposal of quoted securities during the financial period ended 31 July 2009.

(b) Investments in quoted securities as at 31 July 2009 were as follows:

	Current quarter ended 31 July 2009 RM'000
(i) Total quoted long term investments at cost	21,830
(ii) Total quoted long term investments at book value	15,241
(iii) Total quoted long term investments at market value	16,184

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 2009 were as follows:

	RM'000
Short term borrowings:	
- secured	75,000
- unsecured	150,753
	<u>225,753</u>
Long term borrowings:	
- secured	305,000
- unsecured	54,247
	<u>359,247</u>
Total borrowings - denominated in Ringgit Malaysia	<u>585,000</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 Company had paid on 27 July 2009 a first interim dividend of 19 sen per share comprising 9 sen tax exempt dividend and 10 sen single tier exempt dividend (31 July 2008 : 6 sen per share less 25% income tax) in respect of the financial year ending 30 April 2010.

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 27 July 2009 of 1.256 billion, the first interim cash dividend distribution for the financial year ending 30 April 2010 amounted to approximately RM238.64 million **representing about 237.6% of the attributable profit of the Group** for the financial period ended 31 July 2009.

The Board had also approved a share dividend distribution, in respect of financial year ending 30 April 2010, via distribution of 89.7 million treasury shares on the basis of one treasury share for every fourteen existing ordinary shares held, which were distributed on 27 July 2009. Based on the treasury shares book costs as disclosed in Note A4 of RM383.314 million, the share dividend is equivalent to 30.5 sen per share based on the ordinary shares in issue with voting rights as at 27 July 2009 of 1.256 billion.

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 ended)</u>	
	31-7-09	31-07-08
Profit attributable to equity holders of the Company (RM'000)	<u>100,452</u>	<u>92,390</u>
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	<u>1,260,875</u>	<u>1,256,000</u>
Basic earnings per share (sen)	<u>7.97</u>	<u>7.36</u>

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

cc: Securities Commission