

Berjaya Sports Toto Berhad

(Company no: 9109-K)

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

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

	Group	
	31-10-2009	30-4-2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	92,881	98,362
Long term investments	16,214	13,204
Investment properties	73,606	73,166
Investment in associated companies	164	164
Prepaid land lease payments	2,686	2,705
Deferred tax assets	6,502	5,214
Intangible assets	644,170	618,358
	836,223	811,173
Current assets		
Inventories	8,241	7,471
Receivables	71,762	50,483
Tax recoverable	14,775	8,443
Short term investments	-	6,429
Deposits, cash and bank balances	266,811	230,475
	361,589	303,301
TOTAL ASSETS	1,197,812	1,114,474
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
Capital reserve	21,327	21,327
Exchange reserve	7,877	11,729
Retained earnings	163,769	513,456
Equity funds	328,076	889,046
Less : Treasury shares	(22,785)	(406,099)
Net equity funds	305,291	482,947
Minority interests	10,624	15,959
Total equity	315,915	498,906
Non-current liabilities		
Retirement benefit obligations	1,426	1,308
Borrowings	305,000	124,247
Deferred tax liabilities	1,710	1,710
Deferred liabilities	36,891	37,147
	345,027	164,412
Current liabilities		
Provisions	116	75
Payables	229,015	276,483
Borrowings	247,500	138,439
Tax payable	60,239	36,159
Total current liabilities	536,870	451,156
Total liabilities	881,897	615,568
TOTAL EQUITY AND LIABILITIES	1,197,812	1,114,474
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.23	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 OCTOBER 2009
CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended			6 months ended		
	31-10-2009	31-10-2008	+/->	31-10-2009	31-10-2008	+/->
	RM'000	RM'000	%	RM'000	RM'000	%
REVENUE	857,105	941,788	(9.0)	1,683,270	1,767,690	(4.8)
PROFIT FROM OPERATIONS	153,878	168,426	(8.6)	295,728	301,220	(1.8)
Investment related income	1,980	1,371	44.4	5,760	4,897	17.6
Investment related expenses	(495)	(3,190)	(84.5)	(532)	(4,212)	(87.4)
Finance costs	(7,926)	(4,211)	88.2	(11,381)	(8,810)	29.2
PROFIT BEFORE TAX	147,437	162,396	(9.2)	289,575	293,095	(1.2)
INCOME TAX EXPENSE	(44,151)	(46,393)	(4.8)	(84,905)	(83,113)	2.2
PROFIT FOR THE PERIOD	103,286	116,003	(11.0)	204,670	209,982	(2.5)
ATTRIBUTABLE TO:						
Equity holders of the parent	102,544	113,742	(9.8)	202,996	206,132	(1.5)
Minority interests	742	2,261	(67.2)	1,674	3,850	(56.5)
	103,286	116,003	(11.0)	204,670	209,982	(2.5)
EARNINGS PER SHARE (SEN)						
-Basic	7.62	9.06	(15.9)	15.58	16.41	(5.1)
-Diluted	7.62	9.06	(15.9)	15.58	16.41	(5.1)
DIVIDEND PER SHARE (SEN)						
- First interim	-	-		19.00	4.50	
- Second interim	-	5.25		-	5.25	
- Share dividend	-	-		30.50	-	

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2009
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent						
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Total to holders of parent company RM'000	Minority interests RM'000	Total Equity RM'000
At 1 May 2009	135,103	(406,099)	240,487	513,456	482,947	15,959	498,906
Effects of foreign exchange differences	-	-	(3,852)	-	(3,852)	213	(3,639)
Net income recognised directly in equity	-	-	(3,852)	-	(3,852)	213	(3,639)
Profit for the period	-	-	-	202,996	202,996	1,674	204,670
Total net recognised income and expense for the period	-	-	(3,852)	202,996	199,144	1,887	201,031
Adjustment due to 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)
At 31 October 2009	135,103	(22,785)	29,204	163,769	305,291	10,624	315,915
At 1 May 2008	135,103	(406,099)	218,284	383,388	330,676	23,244	353,920
Effects of foreign exchange differences	-	-	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 net 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

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

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

	6-month ended 31-10-2009 RM'000	6-month ended 31-10-2008 RM'000
OPERATING ACTIVITIES		
Receipts from customers	1,812,733	1,943,297
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(1,589,407)	(1,640,491)
Other receipts	30	1,244
Net cash generated from operating activities	223,356	304,050
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	135	202
Net proceeds from disposal of investments	6,429	1,684
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	(5,681)	(10,100)
Acquisition of investment properties	(440)	-
Acquisition of investments	-	(1,013)
Interest received	2,182	2,283
Other receipts for investing activities	222	3,279
Net cash used in investing activities	(31,112)	(9,470)
FINANCING ACTIVITIES		
Capital distributions	-	(255)
Drawdown of bank borrowings	380,000	-
Repayment of bank borrowings	(90,186)	(60,000)
Dividends paid	(432,877)	(173,929)
Interest paid on bank borrowings	(11,200)	(9,093)
Net cash used in financing activities	(154,263)	(243,277)
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,981	51,303
CASH & CASH EQUIVALENTS AT 1 MAY	230,475	126,173
Exchange difference	(1,645)	3,453
CASH & CASH EQUIVALENTS AT 31 OCTOBER	266,811	180,929
	6-month ended 31-10-2009 RM'000	6-month ended 31-10-2008 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	36,812	62,321
Deposits with financial institutions	229,999	118,608
	266,811	180,929

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

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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 period ended 31 October 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 second quarter ended 31 October 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 October 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 October 2009	4.27	5,331,932	22,785

As at 31 October 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 October 2009, the Company paid the following dividends:

On 15 May 2009

Third interim dividend in respect of financial year ended 30 April 2009, of 5 sen per share comprising 2.15 sen dividend less 25% income tax, and 2.85 sen single tier exempt dividend on 1,256,000,000 ordinary shares with voting rights amounting to RM56,049,000.

On 27 July 2009

- 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 October 2009 were as follows:

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	1,678,466	-	1,678,466
Others	4,804	8,271	13,075
Elimination : Intersegment Revenue	-	(8,271)	(8,271)
Total revenue	<u>1,683,270</u>	<u>-</u>	<u>1,683,270</u>

RESULTS

Toto betting and leasing of lottery equipment	311,723
Others	<u>(8,581)</u>
	303,142
Unallocated corporate expenses	<u>(7,414)</u>
Operating profit	295,728
Finance costs	(11,381)
Interest income	2,209
Other investment related income	3,551
Investment related expenses	<u>(532)</u>
Profit before tax	289,575
Income tax expense	<u>(84,905)</u>
Profit for the period	<u>204,670</u>

A7 There were no material subsequent events for the financial period ended 31 October 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 October 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>(90,186)</u>
Balance as at 31 October 2009	<u><u>172,500</u></u>

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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 October 2008, the Group recorded a decrease in revenue and pre-tax profit of 9.0% and 9.2% respectively mainly due to the results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the ensuing paragraph. However, the decrease in revenue was mitigated by the higher revenue reported by Prime Gaming Philippines, Inc.

The principal subsidiary, Sports Toto recorded a decrease in revenue and pre-tax profit of 9.4% and 8.9% respectively as compared to the previous year corresponding quarter. The decrease in revenue was mainly due to the benefit of strong sales from high jackpot in the Mega Toto 6/52 game in the previous year corresponding quarter. The lower decrease in pre-tax profit as compared to the decrease in revenue was due to a lower prize payout in the current quarter under review.

For the 6-month period

For the 6-month period under review, the Group recorded a decrease in revenue and pre-tax profit of 4.8% and 1.2% respectively as compared to the previous year corresponding period ended 31 October 2008. The performance of the Group was mainly attributed to the results of Sports Toto as explained in the ensuing paragraph. However, the effect of decrease in revenue and pre-tax profit was mitigated by the higher revenue and pre-tax profit contributed by Prime Gaming Philippines, Inc in the current period under review.

Sports Toto recorded a drop in revenue and pre-tax profit of 5.1% and 2.1% respectively as compared to previous year corresponding period ended 31 October 2008 which had benefited from strong sales from two high jackpots in the Mega Toto 6/52 game. The lower decrease in pre-tax profit as compared to the drop in revenue was attributed to lower prize payout in the current period under review.

B2 Quarter 2 Vs Quarter 1

As compared with the preceding quarter ended 31 July 2009, the Group achieved increase of 3.7% in both the revenue and pre-tax profit. The performance of the Group was mainly attributed to the results of Sports Toto as explained in the ensuing paragraph. However, Prime Gaming Philippines, Inc. reported lower revenue and pre-tax profit in the current quarter as compared to the preceding quarter ended 31 July 2009.

The principal subsidiary, Sport Toto, recorded an increase in revenue and pre-tax profit of 4.1% and 11.2% respectively as compared to the preceding quarter mainly attributed to the additional draws in the current quarter under review. The higher increase in pre-tax profit as compared to the increase in revenue was mainly attributed to 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 RM'000	Financial period ended 31 October 2009 RM'000
Based on the results for the period:		
- Malaysian income tax	40,791	77,477
- Foreign countries income tax	3,360	8,737
- Origination and reversal of temporary differences	-	(1,309)
	<u>44,151</u>	<u>84,905</u>

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

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

	Financial period ended 31 October 2009 RM'000
(i) Total quoted long term investments at cost	<u>21,825</u>
(ii) Total quoted long term investments at book value	<u>15,422</u>
(iii) Total quoted long term investments at market value	<u>16,600</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 2009 were as follows:

	RM'000
Short term borrowings:	
- secured	75,000
- unsecured	172,500
	<u>247,500</u>
Long term borrowings:	
- secured	<u>305,000</u>
Total borrowings	<u>552,500</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 Directors of the Company did not recommend the payment of any dividend for the quarter ended 31 October 2009 (previous year corresponding quarter ended 31 October 2008 : 7 sen per share less 25% income tax). The Company had on 27 July 2009 paid a first interim dividend of 19 sen per share comprising 9 sen tax exempt dividend and 10 sen single tier exempt dividend in respect of financial year ending 30 April 2010 (previous year corresponding financial period ended 31 October 2008 : 13 sen per share less 25% income tax).

The Directors 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.

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 117.6% of the attributable profit of the Group** for the financial period ended 31 October 2009.

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>	
	31-10-2009	31-10-2008
Profit attributable to equity holders of the Company (RM'000)	102,544	113,742
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	1,345,698	1,256,000
Basic earnings per share (sen)	7.62	9.06
Diluted earnings per share (sen)	7.62	9.06
	<u>Group (6-month period)</u>	
	31-10-2009	31-10-2008
Profit attributable to equity holders of the Company (RM'000)	202,996	206,132
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	1,303,286	1,256,000
Basic earnings per share (sen)	15.58	16.41
Diluted earnings per share (sen)	15.58	16.41

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.