

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 18 September 2012

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2012**

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UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group	
	31-7-2012	30-4-2012
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	130,819	131,139
Other investments	30,257	38,140
Investment properties	96,598	92,236
Investment in associated companies	4,244	6,379
Deferred tax assets	13,203	11,417
Intangible assets	645,213	643,857
	920,334	923,168
Current assets		
Inventories	13,033	14,082
Receivables	101,215	74,984
Tax recoverable	158	136
Short term investments	-	759
Deposits, cash and bank balances	525,196	408,847
	639,602	498,808
Asset classified as held for sale	-	4,781
	639,602	503,589
TOTAL ASSETS	1,559,936	1,426,757
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital (par value per share : RM0.10)	135,103	135,103
Capital reserve	21,327	21,327
Exchange reserve	21,542	8,248
Available-For-Sale ("AFS") reserve	8,344	17,504
Retained earnings	456,840	412,303
Equity funds	643,156	594,485
Less : Treasury shares	(123,733)	(120,295)
Net equity funds	519,423	474,190
Non-controlling interests	34,452	31,399
Total equity	553,875	505,589
Non-current liabilities		
Retirement benefit obligations	2,073	1,903
Medium Term Notes	550,000	550,000
Deferred tax liabilities	4,412	4,412
Other long term liabilities	2,912	694
	559,397	557,009
Current liabilities		
Provisions	583	513
Payables	415,445	337,425
Tax payable	30,636	26,221
Total current liabilities	446,664	364,159
Total liabilities	1,006,061	921,168
TOTAL EQUITY AND LIABILITIES	1,559,936	1,426,757
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.39	0.36

Note:

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 (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		+/<-> %
	31-7-2012 RM'000	31-7-2011 RM'000	
REVENUE	899,909	845,810	6.4
PROFIT FROM OPERATIONS	148,911	134,630	10.6
Investment related income	21,923	3,146	596.9
Finance costs	(7,629)	(7,661)	(0.4)
Share of results of associated companies	(2,330)	(8)	29,025.0
PROFIT BEFORE TAX	160,875	130,107	23.6
INCOME TAX EXPENSE	(46,146)	(36,344)	27.0
PROFIT FOR THE PERIOD	114,729	93,763	22.4
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent	110,687	92,104	20.2
Non-controlling interests	4,042	1,659	143.6
	114,729	93,763	22.4
EARNINGS PER SHARE (SEN)			
-Basic	8.37	6.89	
-Diluted	8.37	6.89	
DIVIDEND PER SHARE (SEN)			
- First interim	6.50	8.00	

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		+ / <->
	31-7-2012	31-7-2011	
	RM'000	RM'000	%
PROFIT AFTER TAXATION	114,729	93,763	22.4
OTHER COMPREHENSIVE INCOME			
Gain / (loss) on changes in fair value of available-for-sale investments	1,130	(1,959)	N/A
Transfer to profit or loss upon disposal	(11,585)	-	100.0
Effects of foreign exchange differences	13,600	3,875	251.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	117,874	95,679	23.2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	114,821	93,125	23.3
Non-controlling interests	3,053	2,554	19.5
	117,874	95,679	23.2

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Reserves		Retained earnings RM'000	Total to holders of parent company RM'000	Non-controlling interests RM'000	
			Non-distributable AFS reserve RM'000	Other reserves RM'000				
At 1 May 2012	135,103	(120,295)	17,504	29,575	412,303	474,190	31,399	505,589
Total comprehensive income for the period	-	-	(9,160)	13,294	110,687	114,821	3,053	117,874
	135,103	(120,295)	8,344	42,869	522,990	589,011	34,452	623,463
Transactions with owners:								
Treasury shares acquired	-	(3,438)	-	-	-	(3,438)	-	(3,438)
Distribution of dividends	-	-	-	-	(66,150)	(66,150)	-	(66,150)
	-	(3,438)	-	-	(66,150)	(69,588)	-	(69,588)
At 31 July 2012	135,103	(123,733)	8,344	42,869	456,840	519,423	34,452	553,875
At 1 May 2011	135,103	(57,341)	15,015	19,745	341,846	454,368	23,723	478,091
Total comprehensive income for the period	-	-	(2,126)	3,147	92,104	93,125	2,554	95,679
	135,103	(57,341)	12,889	22,892	433,950	547,493	26,277	573,770
Transactions with owners:								
Distribution of dividends	-	-	-	-	(40,125)	(40,125)	-	(40,125)
At 31 July 2011	135,103	(57,341)	12,889	22,892	393,825	507,368	26,277	533,645

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3-month ended 31-7-2012 RM'000	3-month ended 31-7-2011 RM'000
OPERATING ACTIVITIES		
Receipts from customers	984,623	899,716
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(838,171)	(781,527)
Other receipts / (payments)	18	(4)
Net cash generated from operating activities	146,470	118,185
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	387	163
Net proceeds from disposal of investments	759	1,479
Net proceeds from disposal of long term investments	24,781	-
Acquisition of property, plant and equipment	(3,347)	(2,113)
Acquisition of investment properties	(4,362)	-
Acquisition of investments	(4,605)	(738)
Interest received	3,303	3,146
Other (payments)/receipts from investing activities	(34,668)	39
Net cash (used in) / generated from investing activities	(17,752)	1,976
FINANCING ACTIVITIES		
Payment of hire purchase liabilities	(71)	(59)
Treasury shares acquired	(1,972)	-
Dividends paid	(1,982)	(120,264)
Interest paid on bank borrowings	(13,805)	(13,837)
Net cash used in financing activities	(17,830)	(134,160)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	110,888	(13,999)
CASH & CASH EQUIVALENTS AT 1 MAY	408,847	449,897
Exchange difference	5,461	891
CASH & CASH EQUIVALENTS AT 31 JULY	525,196	436,789

	3-month ended 31-7-2012 RM'000	3-month ended 31-7-2011 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	60,733	49,114
Deposits with financial institutions	464,463	387,675
	525,196	436,789

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
NOTES TO THE QUARTERLY FINANCIAL REPORT

A1 The quarterly financial report is not audited and has been prepared in compliance with MFRS 134, Interim Financial Reporting Standards in Malaysia and IAS 34, Interim Financial Reporting as well as paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 April 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions which are significant for understanding the changes in the financial position and performance of the Group since the year ended 30 April 2012.

Since the issuance of the previous annual audited financial statements as at 30 April 2012, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 May 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

These consolidated condensed interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 30 April 2013 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied. The transition from FRS to MFRS has no material impact on the statement of financial position and statement of cash flows except as discussed below:

Investment in subsidiaries, jointly controlled entities and associates

MFRS 1 allows a first-time adopter to measure its subsidiaries, jointly controlled entities and associates in its separate financial statements on its date of transition either at cost, in accordance with MFRS 127: Consolidated and Separate Financial Statements; or deemed cost. The deemed cost of such an investment shall be either the fair value at the entity's date of transition to MFRS in its separate financial statements or the previous GAAP carrying amount at that date.

The Company has elected to measure its investment in one of the subsidiaries at fair value at the entity's date of transition, i.e. 1 May 2010 by determining the fair value based on discounted cash flow computation. There is no Group impact as this only applies to the entity's separate financial statements.

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 2012 except for that as disclosed in Note A8.

There were no changes in estimates reported in the prior financial year that had a material effect in the current quarter ended 31 July 2012.

- 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 2012.

The details of the share buy-back are as follows :

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
July 2012	4.28	4.29	4.29	800,000	3,438
TOTAL				800,000	3,438

The number of treasury shares held in hand as at 31 July 2012 are as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 May 2012		28,030,072	120,295
Increase in treasury shares		800,000	3,438
Total treasury shares as at 31 July 2012	4.29	28,830,072	123,733

- A4 As at 31 July 2012, the number of outstanding shares in issue and fully paid with voting rights was 1,322,200,000 ordinary shares of RM0.10 each (31 July 2011 : 1,337,500,000 ordinary shares of RM0.10 each).
- A5 There was no payment of dividend during the financial period ended 31 July 2012. Subsequent to the financial period ended 31 July 2012 the Company paid the following dividend:

Fourth interim single tier exempt dividend on 8 August 2012, in respect of financial year ended 30 April 2012, of 5 sen per share on 1,323,000,000 ordinary shares with voting rights amounting to RM66,150,000.

- A6 Segmental revenue and results for the financial period ended 31 July 2012 were as follows:

<u>REVENUE</u>	External	Inter-segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	891,692	-	891,692
Others	8,217	6,965	15,182
Elimination : Intersegment Revenue	-	(6,965)	(6,965)
Total revenue	899,909	-	899,909

RESULTS

Toto betting and leasing of lottery equipment	152,974
Others	(1,159)
	151,815
Unallocated corporate expenses	(2,904)
Operating profit	148,911
Finance costs	(7,629)
Interest income	3,303
Investment related income	18,620
Share of results of associated companies	(2,330)
Profit before tax	160,875
Income tax expense	(46,146)
Profit for the period	114,729

A7 There were no material subsequent events for the financial period ended 31 July 2012 up to the date of announcement.

A8 There were no changes in the composition of the Group for the current quarter ended 31 July 2012 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for the following:

On 12 July 2012, FEAB Properties Sdn Bhd, a wholly-owned subsidiary company of the Group, completed the disposal of its entire equity interest of 17.19% comprising 25,848 ordinary shares in Cassis International Pte Ltd for a consideration of about RM13.7 million, thus realising a gain on disposal of RM8.8 million.

A9 There were no changes in contingent liabilities or financial guarantee since the last audited reporting date as at 30 April 2012.

A10 There were no material changes in capital commitments since the last annual reporting date as at 30 April 2012.

**UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2012
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B1 The main business segment of the Group is toto betting and leasing of lottery equipment as the Group is primarily engaged in the number forecast operation ("NFO") business. The key factors affecting the performance of the Group include the disposable income of the general public, Jackpot cycles, luck factor and the number of draws in the financial period / year.

For the quarter

Compared to the previous year corresponding quarter ended 31 July 2011, the Group registered an increase in revenue and pre-tax profit of 6.4% and 23.6% respectively. This was mainly due to the improved results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the ensuing paragraph. Berjaya Philippines Inc. group ("BPI") reported an increase in revenue and pre-tax profit of 9.8% and 41.7%, respectively. The improved results of BPI was mainly contributed by the higher lease rental income arising from the improved sales registered by the Philippine Charity Sweepstakes Office as well as the recognition of gain on disposal of certain quoted investment in the current quarter under review. The higher percentage increase in Group pre-tax profit was also attributed to the realised gain on disposal of unquoted investment of approximately RM8.8 million (as disclosed in Note A8) in the current quarter under review.

Sports Toto, the principal subsidiary, recorded a growth in revenue of 6% as compared to the previous year corresponding quarter mainly attributed to strong sales from high jackpot in the Power Toto 6/55 game and 3 months' sales contribution from the 4D Jackpot game compared to 1 1/2 months in the previous year corresponding quarter. The increase in pre-tax profit of 14.9% was mainly due to 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 2012, the Group registered a slight drop in revenue of 1.8% but it recorded an improved pre-tax profit of 21.1%. This was mainly attributed to the results of the principal subsidiary, Sports Toto, as explained in the ensuing paragraph. The higher pre-tax profit achieved by the Group was also contributed by the recognition of realised gain on disposal of certain quoted and unquoted investments (as disclosed in Note B11) in the current quarter under review.

Despite the slight drop in revenue of 1.5% compared to the preceding quarter, Sports Toto achieved an increase in pre-tax profit of 24.4% mainly attributed to lower prize payout in the current quarter under review.

B3 Future Prospects

In spite of the cautious economic outlook, the gaming sector is expected to be resilient and the Directors expect the Group to maintain its market share in the NFO business. In addition, with the targeted completion of the proposed listing of STM-Trust on SGX-ST in the third quarter of financial year ending 30 April 2013 (the Proposals as disclosed in Note B6 and Note 44 (ii) in the 2012 audited financial statements), the Group will continue to consolidate the earnings from Sports Toto for the financial year ending 30 April 2013 subject to certain dilution effect arising from the Proposed Placement and Proposed Public Issue.

B4 There was no profit forecast or profit guarantee given by the Group for the financial period ended 31 July 2012.

B5 Income tax expense

Current quarter
ended 31 July 2012
RM'000

Based on the results for the quarter:

- Malaysian income tax	39,160
- Foreign countries income tax	8,738
- Origination and reversal of temporary differences	<u>(1,752)</u>
	<u><u>46,146</u></u>

The effective tax rate on the Group's profit for financial period ended 31 July 2012 was higher than the statutory tax rate mainly due to certain expenses being disallowed for taxation purposes and profits in certain subsidiary companies are separately assessed for tax and not relieved by losses in other companies within the Group.

B6 There were no other corporate proposals announced but not completed as at the date of this announcement other than that as disclosed in Note 44(ii) in the Company's audited financial statements for the financial year ended 30 April 2012 in relation to the following:

On 5 June 2012, the Company announced the proposed transfer of its 100% equity interest in a wholly-owned subsidiary company, Sports Toto Malaysia Sdn Bhd ("STM") for a consideration of RM6 billion to a business trust to be constituted and registered in Singapore to be known as Sports Toto Malaysia Trust ("STM-Trust") and the proposed listing of up to 4.89 billion STM-Trust Units on the mainboard of the Singapore Exchange Securities Trading Limited.

On 2 August 2012, the Company announced that the Ministry of Finance has granted its approval via its letter dated 27 July 2012 for the change of STM's shareholder from the Company to Sport Toto Malaysia Management Pte Ltd, which will hold STM on trust for STM-Trust. On 27 August 2012, the Company announced that the Controller of Foreign Exchange of Bank Negara Malaysia had on 24 August 2012 approved the application by the Company to make investment abroad via the subscription by Berjaya Sports Toto (Cayman) Limited of 4.43 billion units in STM-Trust. The above proposals are subject to other relevant authorities approvals.

B7 The Group's borrowings as at 31 July 2012 were as follows:

RM'000

Secured:

Long term borrowings - denominated in Ringgit Malaysia

Medium Term Notes

550,000

B8 There is no pending material litigation since the last annual reporting date up to the date of this announcement.

- B9 The Board has declared a first interim single tier exempt dividend of 6.5 sen per share (previous year corresponding quarter ended 31 July 2011 : first interim single tier exempt dividend of 8 sen per share) in respect of the financial year ending 30 April 2013 and payable on 16 October 2012. The entitlement date has been fixed on 9 October 2012.

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 18 September 2012 of 1.3207 billion, the first interim dividend distribution for the financial year ending 30 April 2013 is RM85.8 million **representing about 77.6% of the attributable profit of the Group** for the financial period ended 31 July 2012.

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 9 October 2012 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.

- B10 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:

	Group (3-month period)	
	31-7-12	31-7-11
Profit attributable to equity holders of the Company (RM'000)	110,687	92,104
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	1,322,988	1,337,500
Basic earnings per share (sen)	8.37	6.89

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

- B11 Profit before tax is stated after charging/(crediting):

	Financial period ended 31 July 2012 RM'000
Interest income	(3,303)
Dividend income included in investment related income	-
Other income excluding dividend and interest income	(600)
Depreciation of property, plant and equipment	6,714
Impairment in value of available-for-sale quoted and unquoted investments	-
Foreign exchange gain	(22)
Provision for and write off of receivables	-
Provision for and write off of inventories	-
Gain on disposal of quoted or unquoted investment or properties	(18,620)
Gain or loss on derivatives	-

B12 Realised and unrealised earnings of the Group is analysed as follows:

	As at 31-7-12 RM'000	As at 30-04-12 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	677,089	597,047
- unrealised	32,536	32,100
	<u>709,625</u>	<u>629,147</u>
Less: Consolidation adjustments	(252,785)	(216,844)
Total group retained earnings as per consolidated accounts	<u><u>456,840</u></u>	<u><u>412,303</u></u>

cc: Securities Commission