

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 12 September 2013

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2013**

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UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group	
	31-7-2013	30-4-2013
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	118,001	121,864
Other investments	138,381	58,987
Investment properties	99,023	99,023
Investment in associated companies	8,103	7,793
Deferred tax assets	19,223	18,417
Intangible assets	645,168	644,485
	1,027,899	950,569
Current assets		
Inventories	15,908	16,878
Receivables	271,678	142,105
Tax recoverable	70	121
Short term investments	4,043	3,771
Deposits, cash and bank balances	384,439	429,626
	676,138	592,501
TOTAL ASSETS	1,704,037	1,543,070
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	22,607	12,997
Available-For-Sale ("AFS") reserve	29,073	10,424
Retained earnings	468,449	423,221
Equity funds	676,559	603,072
Less : Treasury shares	(56,995)	(32,907)
Net equity funds	619,564	570,165
Non-controlling interests	45,612	43,049
Total equity	665,176	613,214
Non-current liabilities		
Retirement benefit obligations	2,573	2,406
Long term borrowings	429,929	400,000
Deferred tax liabilities	364	364
Other long term liabilities	1,357	927
	434,223	403,697
Current liabilities		
Provisions	1,131	421
Short term borrowings	224,893	150,000
Payables	340,844	348,186
Tax payable	37,770	27,552
Total current liabilities	604,638	526,159
Total liabilities	1,038,861	929,856
TOTAL EQUITY AND LIABILITIES	1,704,037	1,543,070
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.46	0.42

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 2013
CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		+/-<-> %
	31-7-2013 RM'000	31-7-2012 RM'000	
REVENUE	887,103	899,909	(1.4)
PROFIT FROM OPERATIONS	148,776	148,911	(0.1)
Investment related income	8,947	21,923	(59.2)
Finance costs	(7,642)	(7,629)	0.2
Share of results of associated companies	(1,712)	(2,330)	(26.5)
PROFIT BEFORE TAX	148,369	160,875	(7.8)
INCOME TAX EXPENSE	(47,097)	(46,146)	2.1
PROFIT FOR THE PERIOD	101,272	114,729	(11.7)
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent	98,790	110,687	(10.7)
Non-controlling interests	2,482	4,042	(38.6)
	101,272	114,729	(11.7)
EARNINGS PER SHARE (SEN)			
-Basic	7.36	8.37	
-Diluted	7.36	8.37	
DIVIDEND PER SHARE (SEN)			
- First interim	4.00	6.50	

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		+/<->
	31-7-2013	31-7-2012	
	RM'000	RM'000	%
PROFIT AFTER TAXATION	101,272	114,729	(11.7)
OTHER COMPREHENSIVE INCOME			
Gain on changes in fair value of available-for-sale investments	23,396	1,130	1,970.4
Transfer to profit or loss upon disposal	(2,308)	(11,585)	(80.1)
Effects of foreign exchange differences	7,252	13,600	(46.7)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	129,612	117,874	10.0
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	127,049	114,821	10.6
Non-controlling interests	2,563	3,053	(16.0)
	129,612	117,874	10.0

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							
	Share capital	Treasury shares	Reserves			Total to holders of parent company	Non-controlling interests	Total equity
			Non-distributable	Distributable	Retained earnings			
RM'000	RM'000	AFS reserve	Other reserves	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2013	135,103	(32,907)	10,424	34,324	423,221	570,165	43,049	613,214
Total comprehensive income for the period	-	-	18,649	9,610	98,790	127,049	2,563	129,612
	135,103	(32,907)	29,073	43,934	522,011	697,214	45,612	742,826
Transactions with owners:								
Treasury shares acquired	-	(24,088)	-	-	-	(24,088)	-	(24,088)
Distribution of dividends	-	-	-	-	(53,562)	(53,562)	-	(53,562)
	-	(24,088)	-	-	(53,562)	(77,650)	-	(77,650)
At 31 July 2013	135,103	(56,995)	29,073	43,934	468,449	619,564	45,612	665,176
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

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31-7-2013 RM'000	3 months ended 31-7-2012 RM'000
OPERATING ACTIVITIES		
Receipts from customers	952,389	984,623
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(818,150)	(838,171)
Other receipts	14	18
Net cash generated from operating activities	134,253	146,470
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	249	387
Net proceeds from disposal of investments	-	759
Net proceeds from disposal of long term investments	12,382	24,781
Acquisition of investment in associated company	(1,901)	-
Acquisition of property, plant and equipment	(1,820)	(3,347)
Acquisition of investment properties	-	(4,362)
Acquisition of investments	(65,054)	(4,605)
Dividend received	1,051	-
Interest received	2,830	3,303
Deposits placement with investment advisers	(143,976)	-
Other payments from investing activities	(513)	(34,668)
Net cash used in investing activities	(196,752)	(17,752)
FINANCING ACTIVITIES		
Drawdown of bank borrowings	254,822	-
Repayment of bank borrowings	(150,000)	-
Payment of hire purchase liabilities	(107)	(71)
Treasury shares acquired	(23,395)	(1,972)
Dividends paid	(53,948)	(1,982)
Interest paid	(13,672)	(13,805)
Net cash generated from / (used in) financing activities	13,700	(17,830)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(48,799)	110,888
CASH & CASH EQUIVALENTS AT 1 MAY	429,626	408,847
Exchange difference	3,612	5,461
CASH & CASH EQUIVALENTS AT 31 JULY	384,439	525,196
	3 months ended 31-7-2013 RM'000	3 months ended 31-7-2012 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	70,916	60,733
Deposits with financial institutions	313,523	464,463
	384,439	525,196

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
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 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 2013. 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 2013.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 April 2013.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 May 2013.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements of the Group upon their first adoption.

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 2013 except 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 2013.

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 2013.

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 2013	4.16	4.26	4.23	5,690,000	24,088
TOTAL				5,690,000	24,088

The number of treasury shares held in hand as at 31 July 2013 are as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 May 2013		7,840,072	32,907
Increase in treasury shares		5,690,000	24,088
Total treasury shares as at 31 July 2013	4.21	13,530,072	56,995

As at 31 July 2013, the number of outstanding shares in issue and fully paid with voting rights was 1,337,500,000 ordinary shares of RM0.10 each (31 July 2012 : 1,322,200,000 ordinary shares of RM0.10 each).

- A5 There was no payment of dividend during the financial period ended 31 July 2013. Subsequent to the financial period ended 31 July 2013, the Company paid the following dividend:

Fourth interim single tier exempt dividend on 1 August 2013, in respect of financial year ended 30 April 2013, of 4 sen per share on 1,339,040,000 ordinary shares with voting rights amounting to RM53,561,600.

- A6 Segmental revenue and results for the financial period ended 31 July 2013 were as follows:

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	858,342	-	858,342
Others	28,761	460	29,221
Elimination : Intersegment Revenue	-	(460)	(460)
Total revenue	<u>887,103</u>	<u>-</u>	<u>887,103</u>

RESULTS

Toto betting and leasing of lottery equipment	161,591
Others	<u>(8,675)</u>
	152,916
Unallocated corporate expenses	<u>(4,140)</u>
Operating profit	148,776
Finance costs	(7,642)
Interest income	2,959
Investment related income	5,988
Share of results of associated companies	<u>(1,712)</u>
Profit before tax	148,369
Income tax expense	<u>(47,097)</u>
Profit for the period	<u>101,272</u>

- A7 There were no material subsequent events for the financial period ended 31 July 2013 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 2013 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for the following:
- On 4 June 2013, Berjaya Philippines Inc. ("BPI"), a subsidiary company of the Group completed the disposal of its entire equity interest of 0.68% comprising 1.0 million ordinary shares in RadioShack Corporation, USA for a consideration of about USD3.85 million (equivalent to RM11.73 million), thus realising a gain on disposal of RM4.94 million.
 - BPI has made a cash offer to acquire the entire issued and to be issued share capital of H.R. Owen Plc on 30 July 2013 as disclosed in Note B6 (ii). BPI's shareholdings in H.R. Owen Plc, as at 31 July 2013 has increased from 2.44% to 29.81% after its additional acquisition of 6.46 million ordinary shares for a cash consideration of approximately £7.9 million (equivalent to RM39.17 million) during the current quarter under review.
 - On 17 June 2013, the Company announced the constitution of Sports Toto Malaysia Trust ("STM-Trust") under the Business Trust Act, Chapter 31A of Singapore by a declaration of trust by a wholly-owned subsidiary company, namely Sports Toto Malaysia Management Pte. Ltd., as trustee-manager of STM-Trust under a trust deed dated 13 June 2013.

- A8 (d) During the current quarter ended 31 July 2013, BPI completed its further acquisition of Redtone International Berhad's securities comprising 16.6 million shares of stock of RM0.10 each, 81.8 million units of convertible debts denominated at RM0.10 per unit and 563,700 warrants for a total cash consideration of approximately RM25.88 million. As at 31 July 2013, BPI has acquired in total 21.0 million shares of stock of RM0.10 each (representing 4.3% of the total outstanding stock), 81.8 million units of convertible debts denominated at RM0.10 per unit (representing 34.4% of the total convertible debt) and 1.3 million warrants (representing 0.8% of the total warrants issued).
- A9 There were no changes in contingent liabilities or financial guarantee since the last audited reporting date as at 30 April 2013.
- A10 Other than as disclosed in Note B6(ii), there were no material changes in capital commitments since the last annual reporting date as at 30 April 2013.

**UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2013
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.

For the quarter

As compared to the previous year corresponding quarter ended 31 July 2012, the Group recorded a decrease in revenue and pre-tax profit of 1.4% and 7.8% respectively. The drop in revenue was mainly due to the results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the ensuing paragraph coupled with the results of Berjaya Philippines Inc. Group ("BPI") but mitigated by the higher sales recognised by International Lottery & Totalizator Systems, Inc. in the current quarter under review. The higher percentage decrease in pre-tax profit was mainly due to previous year corresponding quarter benefited from the realised gain on disposal of quoted and unquoted investments of approximately RM18.6 million. BPI recorded a decrease in revenue and pre-tax profit of 10.5% and 37.8% respectively mainly due to lower lease rental income earned as a result of lower sales reported by the Philippine Charity Sweepstakes Office. The higher decrease in pre-tax profit was mainly due to the higher realised gain on disposal of quoted investments of approximately RM9.8 million in the previous year corresponding quarter.

Sports Toto, the principal subsidiary, recorded a decrease in revenue of 3.4% but registered an increase in pre-tax profit of 10.2% as compared to the previous year corresponding quarter. The increase in pre-tax profit was 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 2013, the Group recorded a decrease in revenue of 4.7% but registered an increase in pre-tax profit of 27.8% mainly due to the results of Sports Toto as explained in the ensuing paragraph.

Sports Toto recorded a decrease in revenue of 6.9% as compared to the preceding quarter which had benefited from the traditionally higher sales during the Chinese Lunar New Year festival which fell in the month of February as well as lower number of draws in the current quarter under review. However, Sports Toto registered an increase in pre-tax profit of 21.0% as compared to the preceding quarter, 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 2014 (the Proposals as disclosed in Note B6 and Note 43 (ii) in the 2013 audited financial statements), the Group will continue to consolidate the earnings from Sports Toto for the financial year ending 30 April 2014 subject to certain dilution effect arising from the proposed placement and proposed public issue of the STM-Trust units.

B4 There was no profit forecast or profit guarantee given by the Group for the financial period ended 31 July 2013.

B5 Income tax expense

	Current quarter ended 31 July 2013 RM'000
Based on the results for the quarter:	
- Malaysian income tax	40,754
- Foreign countries income tax	6,832
Deferred tax:	
- Origination and reversal of temporary differences	(489)
	47,097

The effective tax rate on the Group's profit for the financial period ended 31 July 2013 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 as disclosed in Notes 43(ii) and 44 (ii) in the Company's audited financial statements for the financial year ended 30 April 2013 in relation to the following:

- (i) With reference to Note 43 (ii), that relates to the proposed transfer of the Company's 100% equity interest in Sports Toto Malaysia Sdn Bhd ("STM") to Sports Toto Malaysia Trust ("STM-Trust"), a business trust constituted and registered in Singapore ("Proposed Transfer") and the proposed listing of up to 4.89 billion STM-Trust units on the Mainboard of the Singapore Exchange Securities Trading Limited.

On 21 August 2013, the Company announced that it had on 20 August 2013 submitted an application to the SGX-ST to seek for a further extension of validity period of the conditional eligible-to-list by additional 3 calendar months to 10 December 2013.

- (ii) With reference to Note 44 (ii), the Company announced that its subsidiary company, Berjaya Philippines Inc. ("BPI"), listed on the Philippine Stock Exchange ("PSE") has on 18 July 2013 released an announcement to PSE that it had made a cash offer to acquire the entire issued and to be issued share capital of H.R. Owen Plc not already owned by BPI for approximately £23.4 million (equivalent to about RM113.7 million). The offer document was released by BPI on 30 July 2013 and the offer has been further extended to 16 September 2013. H.R. Owen Plc is a company listed on the London Stock Exchange and operates as a franchised motor dealer in United Kingdom.

B7 The Group's borrowings as at 31 July 2013 were as follows:

<u>Long term borrowings</u>	Foreign currency amount	At end of current quarter RM'000
Secured	'000	
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		400,000
- Philippine Peso	400,000 *	29,929
		429,929
<u>Short term borrowings</u>		
Secured		
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		180,000
- Philippine Peso	600,000 *	44,893
		224,893
Total bank borrowings		654,822

* Converted at the respective exchange rate prevailing as at 30 April 2013

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 4 sen per share (previous year corresponding quarter ended 31 July 2012 : first interim single tier exempt dividend of 6.5 sen per share) in respect of the financial year ending 30 April 2014 and payable on 17 October 2013. The entitlement date has been fixed on 3 October 2013.

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 12 September 2013 of 1.335 billion, the first interim dividend distribution for the financial year ending 30 April 2014 is RM53.4 million **representing about 54.1% of the attributable profit of the Group for the first quarter ended 31 July 2013.**

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)	
	31-7-13	31-7-12
Profit attributable to equity holders of the Company (RM'000)	98,790	110,687
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	1,341,643	1,322,988
Basic earnings per share (sen)	7.36	8.37

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

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

	Financial period ended 31 July 2013 RM'000
Interest income	(2,959)
Dividend income included in investment related income	(1,051)
Other income excluding dividend and interest income	(523)
Depreciation of property, plant and equipment	6,567
Impairment in value of available-for-sale quoted and unquoted investments	-
Foreign exchange (gain) / loss	(200)
Provision for and write off of receivables	-
Provision for and write off of inventories	-
Gain on disposal of quoted or unquoted investment or properties	(4,937)
Gain or loss on derivatives	-
	-

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

	As at 31-7-13 RM'000	As at 30-4-13 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	673,350	618,344
- unrealised	48,058	47,870
	721,408	666,214
Share of results from associated companies	(7,047)	(5,335)
Less: Consolidation adjustments	(245,912)	(237,658)
Total group retained earnings as per consolidated accounts	468,449	423,221

cc: Securities Commission