

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 19 September 2014

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2014**

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UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group	
	31-7-2014	30-4-2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	158,766	165,398
Other investments	95,369	88,139
Investment properties	95,506	95,506
Investment in associated companies	12,823	10,751
Deferred tax assets	15,539	16,991
Intangible assets	751,654	751,791
	1,129,657	1,128,576
Current assets		
Inventories	300,843	267,923
Receivables	242,267	261,313
Tax recoverable	521	563
Deposits, cash and bank balances	527,298	489,778
	1,070,929	1,019,577
Assets classified as held for sale	1,365	2,315
	1,072,294	1,021,892
TOTAL ASSETS	2,201,951	2,150,468
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital (par value per share : RM0.10)	135,103	135,103
Capital reserve	21,327	21,327
Exchange reserve	16,981	19,704
Available-For-Sale reserve	22,663	18,667
Retained earnings	423,301	439,330
Equity funds	619,375	634,131
Less : Treasury shares	(11,860)	(11,860)
Net equity funds	607,515	622,271
Non-controlling interests	83,213	79,106
Total equity	690,728	701,377
Non-current liabilities		
Retirement benefit obligations	3,696	3,462
Borrowings	495,000	400,000
Deferred tax liabilities	4,713	4,765
Other long term liability	1,539	1,436
	504,948	409,663
Current liabilities		
Provisions	1,609	1,581
Borrowings	229,374	333,725
Payables	663,466	692,780
Tax payable	17,458	11,342
Dividend payable	94,368	-
Total current liabilities	1,006,275	1,039,428
Total liabilities	1,511,223	1,449,091
TOTAL EQUITY AND LIABILITIES	2,201,951	2,150,468
Net assets per share (RM)	0.45	0.46

Note:

The net assets per share is calculated based on the following:

Net equity funds divided by the number of 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 2014
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended		+/-<-> %
	31-7-2014 RM'000	31-7-2013 RM'000	
REVENUE	1,243,885	887,103	40.2
PROFIT FROM OPERATIONS	126,321	148,776	(15.1)
Investment related income	4,495	8,947	(49.8)
Investment related expenses	(26)	-	(100.0)
Finance costs	(11,125)	(7,642)	45.6
Share of results of associated companies	1,021	(1,712)	N/A
PROFIT BEFORE TAX	120,686	148,369	(18.7)
TAXATION	(39,185)	(47,097)	(16.8)
PROFIT FOR THE PERIOD	81,501	101,272	(19.5)
PROFIT ATTRIBUTABLE TO:			
Owners of the parent	78,339	98,790	(20.7)
Non-controlling interests	3,162	2,482	27.4
	81,501	101,272	(19.5)
EARNINGS PER SHARE (SEN)			
-Basic	5.81	7.36	
-Diluted	5.81	7.36	
DIVIDEND PER SHARE (SEN)			
- First interim	5.50	4.00	

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		+/-<-> %
	31-7-2014 RM'000	31-7-2013 RM'000	
PROFIT AFTER TAXATION	81,501	101,272	(19.5)
OTHER COMPREHENSIVE INCOME:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Net changes on available-for-sale ("AFS") financial assets			
- Changes in fair value of AFS investments	4,509	23,396	(80.7)
- Disposal of AFS investments transferred to profit or loss	-	(2,308)	(100.0)
- Effects of foreign exchange differences	(1,535)	7,252	N/A
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	84,475	129,612	(34.8)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	79,612	127,049	(37.3)
Non-controlling interests	4,863	2,563	89.7
	84,475	129,612	(34.8)

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital RM'000	Treasury shares RM'000	Reserves		Retained earnings RM'000	Total to owners of parent company RM'000	Non- controlling interests RM'000	Total equity RM'000
			AFS reserve RM'000	Other reserves RM'000				
At 1 May 2014	135,103	(11,860)	18,667	41,031	439,330	622,271	79,106	701,377
Total comprehensive income for the period	-	-	3,996	(2,723)	78,339	79,612	4,863	84,475
	135,103	(11,860)	22,663	38,308	517,669	701,883	83,969	785,852
Transactions with owners:								
Distribution of dividends	-	-	-	-	(94,368)	(94,368)	-	(94,368)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(756)	(756)
	-	-	-	-	(94,368)	(94,368)	(756)	(95,124)
At 31 July 2014	135,103	(11,860)	22,663	38,308	423,301	607,515	83,213	690,728
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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31-7-2014 RM'000	3 months ended 31-7-2013 RM'000
OPERATING ACTIVITIES		
Receipts from customers	1,332,370	952,389
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(1,263,430)	(818,150)
Other receipts	66	14
Net cash generated from operating activities	69,006	134,253
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	229	249
Net proceeds from disposal of investment properties	3,212	-
Net proceeds from disposal of long term investments	-	12,382
Acquisition of investment in associated company	(1,029)	(1,901)
Acquisition of property, plant and equipment	(1,687)	(1,820)
Acquisition of investments	(2,607)	(65,054)
Dividend received	114	1,051
Interest received	2,925	2,830
Other receipts arising from investments	699	1,350
Deposits placement with investment advisers	-	(143,976)
Other payments from investing activities	(4,658)	(1,863)
Net cash used in investing activities	(2,802)	(196,752)
FINANCING ACTIVITIES		
Drawdown of borrowings	295,000	254,822
Repayment of borrowings	(304,351)	(150,000)
Payment of hire purchase liabilities	(180)	(107)
Treasury shares acquired	-	(23,395)
Dividends paid to shareholders of the Company	-	(53,948)
Dividends paid to non-controlling interests of a subsidiary company	(756)	-
Interest paid	(16,525)	(13,672)
Net cash (used in) / generated from financing activities	(26,812)	13,700
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	39,392	(48,799)
CASH & CASH EQUIVALENTS AT 1 MAY	489,778	429,626
Effects of exchange rate changes	(1,872)	3,612
CASH & CASH EQUIVALENTS AT 31 JULY	527,298	384,439
	3 months ended 31-7-2014 RM'000	3 months ended 31-7-2013 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	115,916	70,916
Deposits with financial institutions	411,382	313,523
	527,298	384,439

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
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 2014. 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 2014.

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 2014.

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 2014.

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 2014.

There were no changes in estimates reported in the prior financial year that had a material effect in the current quarter ended 31 July 2014.

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 2014.

The number of treasury shares held in hand as at 31 July 2014 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 31 July 2014	4.07	2,911,186	11,860

As at 31 July 2014, the number of outstanding shares in issue and fully paid with voting rights was 1,348,118,886 ordinary shares of RM0.10 each (31 July 2013 : 1,337,500,000 ordinary shares of RM0.10 each).

A5 There was no payment of dividend during the financial period ended 31 July 2014. Subsequent to the financial period ended 31 July 2014, the Company paid the following dividend:

Fourth interim single tier exempt dividend on 8 August 2014, in respect of financial year ended 30 April 2014, of 7 sen per share on 1,348,118,886 ordinary shares with voting rights amounting to RM94,368,000.

A6 Segmental revenue and results for the financial period ended 31 July 2014 were as follows:

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	788,795	-	788,795
Motor dealership	442,313	-	442,313
Others	12,777	774	13,551
Elimination : Intersegment Revenue	-	(774)	(774)
Total revenue	<u>1,243,885</u>	<u>-</u>	<u>1,243,885</u>

RESULTS

Toto betting and leasing of lottery equipment	129,873
Motor dealership	7,905
Others	<u>(7,192)</u>
	130,586
Unallocated corporate expenses	<u>(4,265)</u>
Profit from operations	126,321
Finance costs	(11,125)
Interest income	3,646
Investment related income	849
Share of results of associated companies	<u>1,021</u>
Profit before tax	120,686
Taxation	<u>(39,185)</u>
Profit for the period	<u>81,501</u>

A7 There were no material subsequent events for the financial period ended 31 July 2014 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 2014 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A9 There were no changes in contingent liabilities or financial guarantee since the last annual reporting date as at 30 April 2014.

A10 There were no material changes in capital commitments since the last annual reporting date as at 30 April 2014.

**UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B1 The Group is primarily engaged in the number forecast operation ("NFO") business. The main operating businesses of the Group are toto betting, leasing of lottery equipment, motor retailing and provision of aftersales services. The key factors (other than general economic conditions) affecting the main performance of the main operating businesses in the Group are disposable income of the general public, Jackpot cycles, luck factor and the number of draws in the financial period as well as the trend in prestige and specialist cars.

Review of Results For the quarter

As compared to the previous year corresponding quarter ended 31 July 2013, the Group registered an increase in revenue of 40.2% while it recorded a drop in pre-tax profit of 18.7%. The increase in revenue was mainly attributed to the consolidation of H.R. Owen Plc ("H.R. Owen") the current quarter. The drop in pre-tax profit was mainly due to the results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the ensuing paragraph.

Sports Toto, the principal subsidiary, recorded a decrease in revenue and pre-tax profit of 7.9% and 23.4% respectively as compared to the previous year corresponding quarter. The lower revenue was mainly due to the current quarter having lesser number of draws. The larger drop in pre-tax profit was mainly due to higher prize payout coupled with higher operating expenses incurred in the current quarter under review.

As compared to the previous year corresponding quarter, Philippine Gaming Management Corporation ("PGMC") recorded a drop in revenue of 12.9% mainly due to lower lease rental income earned as a result of lower sales reported by the Philippine Charity Sweepstakes Office. The slight increase in pre-tax profit of 0.5% despite the drop in revenue was mainly attributed to the previous year corresponding quarter incurred higher operating expenses (mainly charitable donations).

B2 Review of Result 1st Quarter Vs 4th Quarter of preceding financial year

As compared to the preceding quarter ended 30 April 2014, the Group recorded a decrease in revenue of 8.5% mainly due to the results of Sports Toto and PGMC as explained in the ensuing paragraphs. This was mitigated by improved revenue reported by International Lottery & Totalizator Systems, Inc. resulting from recognition of certain project contract sales in the current quarter under review. The Group registered an increase in pre-tax profit of 21.2% mainly attributable to the results of Sports Toto despite the drop in revenue and lower profits reported by PGMC and H.R. Owen in the current quarter under review.

Sports Toto recorded a decrease in revenue of 13.5% as the preceding quarter benefited from the traditionally higher sales during the Chinese New Year festive period and the current quarter also had lower number of draws. In spite of the drop in revenue, Sports Toto registered an increase in pre-tax profit of 28.1% as compared to the preceding quarter, mainly attributed to higher prize payout and operating expenses (including charitable contributions) incurred in the preceding quarter.

PGMC recorded a decrease in revenue and pre-tax profit of 6.1% and 14.2% respectively mainly due to lower lease rental income earned as a result of lower sales reported by the Philippine Charity Sweepstakes Office.

B3 Future Prospects

With rising costs weighing down on domestic consumer spending, the Directors are cautiously optimistic that the Group will perform satisfactorily for the remaining quarters of the current financial year.

B4 There was no profit forecast or profit guarantee given by the Group for the financial period ended 31 July 2014.

B5 Taxation

	Current quarter ended 31 July 2014 RM'000
Based on the results for the quarter:	
- Malaysian income tax	31,391
- Foreign countries income tax	6,342
Deferred tax:	
- Origination and reversal of temporary differences	1,398
- Under provision in prior year	54
	39,185

The effective tax rate on the Group's profit for the financial period ended 31 July 2014 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 Note 45(iii) in the Company's audited financial statements for the financial year ended 30 April 2014 in relation to the following:

- (i) On 10 January 2014, the Company announced that International Lottery & Totalizator Systems, Inc. ("ILTS California"), a 71.32% wholly-owned subsidiary of Berjaya Lottery Management (HK) Limited ("BLM"), which in turn is a wholly-owned subsidiary company of the Company had filed Form 8-K pursuant to the United States Securities Exchange Act of 1934, as amended ("the Act") that ILTS California will be merged with its present 100% wholly-owned subsidiary, Delaware International Lottery & Totalizator Systems, Inc. ("ILTS DE").

Thereafter, ILTS DE will carry out a reverse stock split of ILTS DE's common stock such that BLM will be the sole shareholder of ILTS DE. Each shareholder of ILTS DE holding less than one whole share of common stock would be paid USD1.33 in cash per pre-reverse stock split shares in lieu of fractional share interests.

ILTS DE (as the successor to ILTS California) will thereafter terminate its registration and reporting obligations under the Act. Upon completion of these transactions, ILTS DE will be wholly-owned by the Company via BLM and its shares will cease to be traded on the Over-The-Counter Markets. ILTS California had obtained the written consent of BLM, approving the merger and the reverse stock split.

A preliminary Information Statement had been filed with the United States Securities and Exchange Commission ("SEC") and currently remains under review. The merger and reverse stock split will be consummated promptly no earlier than 20 calendar days following the date on which the Information Statement is first mailed to shareholders of ILTS California.

B7 The Group's borrowings as at 31 July 2014 were as follows:

		At end of current quarter RM'000
<u>Long term borrowings</u>		
Secured	Foreign currency amount	
Denominated in	'000	
- Ringgit Malaysia (Medium Term Notes)		495,000
<u>Short term borrowings</u>		
Secured		
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		200,000
- Philippine Peso	400,000 *	29,374
		229,374
Total bank borrowings		724,374

* Converted at the respective exchange rate prevailing as at 31 July 2014

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 5.5 sen per share (previous year corresponding quarter ended 31 July 2013 : first interim single tier exempt dividend of 4 sen per share) in respect of the financial year ending 30 April 2015 and payable on 16 October 2014. The entitlement date has been fixed on 9 October 2014.

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 19 September 2014 of 1.348 billion, the first interim dividend distribution for the financial year ending 30 April 2015 will amount to RM74.1 million **representing about 94.7% of the attributable profit of the Group for the first quarter ended 31 July 2014.**

B10 The earnings per share is calculated by dividing profit attributable to ordinary 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)	
	31-7-14	31-7-13
Profit attributable to equity holders of the Company (RM'000)	78,339	98,790
Weighted average number of shares with voting rights ('000)	1,348,119	1,341,643
Basic earnings per share (sen)	5.81	7.36

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 2014 RM'000
Interest income	(3,646)
Dividend income included in investment related income	(114)
Other income excluding dividend and interest income	(269)
Depreciation of property, plant and equipment	7,914
Impairment in value of available-for-sale quoted and unquoted investments	-
Foreign exchange (gain) / loss	1,173
Provision for and write off of receivables	52
Provision for and write off of inventories	-
Gain on disposal of quoted or unquoted investment or properties	(180)
Gain or loss on derivatives	-
	<u><u>-</u></u>

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

	As at 31-7-14 RM'000	As at 30-4-14 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	657,946	681,072
- unrealised	44,916	47,651
	<u>702,862</u>	<u>728,723</u>
Share of results from associated companies	(5,049)	(6,070)
Less: Consolidation adjustments	(274,512)	(283,323)
Total group retained earnings as per consolidated accounts	<u><u>423,301</u></u>	<u><u>439,330</u></u>

cc: Securities Commission