

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 18 December 2014

Subject: **UNAUDITED QUARTERLY (Q2) FINANCIAL REPORT FOR
THE PERIOD ENDED 31 OCTOBER 2014**

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UNAUDITED QUARTERLY (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Group | |
|--|-------------------|------------------|
| | 31-10-2014 | 30-4-2014 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 155,064 | 165,398 |
| Other investments | 93,654 | 88,139 |
| Investment properties | 95,506 | 95,506 |
| Investment in associated companies | 14,271 | 10,751 |
| Deferred tax assets | 21,498 | 16,991 |
| Intangible assets | 757,944 | 751,791 |
| | <u>1,137,937</u> | <u>1,128,576</u> |
| Current assets | | |
| Inventories | 302,987 | 267,923 |
| Receivables | 228,472 | 261,313 |
| Tax recoverable | 571 | 563 |
| Deposits, cash and bank balances | 493,284 | 489,778 |
| | <u>1,025,314</u> | <u>1,019,577</u> |
| Assets classified as held for sale | - | 2,315 |
| | <u>1,025,314</u> | <u>1,021,892</u> |
| TOTAL ASSETS | <u>2,163,251</u> | <u>2,150,468</u> |
| 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 | 17,489 | 19,704 |
| Available-For-Sale reserve | 22,422 | 18,667 |
| Retained earnings | 446,966 | 439,330 |
| Equity funds | <u>643,307</u> | <u>634,131</u> |
| Less : Treasury shares | <u>(11,860)</u> | <u>(11,860)</u> |
| Net equity funds | 631,447 | 622,271 |
| Non-controlling interests | 79,647 | 79,106 |
| Total equity | <u>711,094</u> | <u>701,377</u> |
| Non-current liabilities | | |
| Retirement benefit obligations | 7,399 | 3,462 |
| Borrowings | 495,000 | 400,000 |
| Deferred tax liabilities | 3,921 | 4,765 |
| Other long term liability | 1,462 | 1,436 |
| | <u>507,782</u> | <u>409,663</u> |
| Current liabilities | | |
| Provisions | 1,289 | 1,581 |
| Borrowings | 221,944 | 333,725 |
| Payables | 691,301 | 692,780 |
| Tax payable | 29,841 | 11,342 |
| Total current liabilities | <u>944,375</u> | <u>1,039,428</u> |
| Total liabilities | <u>1,452,157</u> | <u>1,449,091</u> |
| TOTAL EQUITY AND LIABILITIES | <u>2,163,251</u> | <u>2,150,468</u> |
| Net assets per share (RM) | 0.47 | 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 (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | 3 months ended | | | 6 months ended | | |
|--|----------------|------------|--------|----------------|------------|--------|
| | 31-10-2014 | 31-10-2013 | +/<-> | 31-10-2014 | 31-10-2013 | +/<-> |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| REVENUE | 1,254,139 | 866,885 | 44.7 | 2,498,024 | 1,753,988 | 42.4 |
| PROFIT FROM OPERATIONS | 147,354 | 138,896 | 6.1 | 273,675 | 291,894 | (6.2) |
| Investment related income | 6,026 | 17,919 | (66.4) | 10,521 | 26,866 | (60.8) |
| Investment related expenses | (420) | (19,269) | (97.8) | (446) | (23,491) | (98.1) |
| Finance costs | (11,209) | (9,703) | 15.5 | (22,334) | (17,345) | 28.8 |
| Share of results of associated companies | 1,486 | (16) | N/A | 2,507 | (1,728) | N/A |
| PROFIT BEFORE TAX | 143,237 | 127,827 | 12.1 | 263,923 | 276,196 | (4.4) |
| TAXATION | (42,627) | (40,089) | 6.3 | (81,812) | (87,186) | (6.2) |
| PROFIT FOR THE PERIOD | 100,610 | 87,738 | 14.7 | 182,111 | 189,010 | (3.7) |
| PROFIT ATTRIBUTABLE TO: | | | | | | |
| Owners of the parent | 99,688 | 82,632 | 20.6 | 178,027 | 181,422 | (1.9) |
| Non-controlling interests | 922 | 5,106 | (81.9) | 4,084 | 7,588 | (46.2) |
| | 100,610 | 87,738 | 14.7 | 182,111 | 189,010 | (3.7) |
| EARNINGS PER SHARE (SEN) | | | | | | |
| -Basic | 7.39 | 6.19 | | 13.21 | 13.55 | |
| -Diluted | 7.39 | 6.19 | | 13.21 | 13.55 | |
| DIVIDEND PER SHARE (SEN) | | | | | | |
| - First interim | - | - | | 5.50 | 4.00 | |
| - Second interim | 6.00 | 6.00 | | 6.00 | 6.00 | |

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

UNAUDITED QUARTERLY (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 3 months ended | | | 6 months ended | | |
|---|----------------|---------------|-------------|----------------|----------------|--------------|
| | 31-10-2014 | 31-10-2013 | +/-> | 31-10-2014 | 31-10-2013 | +/-> |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| PROFIT AFTER TAXATION | 100,610 | 87,738 | 14.7 | 182,111 | 189,010 | (3.7) |
| OTHER COMPREHENSIVE INCOME: | | | | | | |
| <u>Items that may be reclassified</u> | | | | | | |
| <u>subsequently to profit or loss</u> | | | | | | |
| Net changes on available-for-sale ("AFS") financial assets | | | | | | |
| - Changes in fair value of AFS investments | 189 | 4,887 | (96.1) | 4,698 | 28,283 | (83.4) |
| - Disposal of AFS investments transferred to profit or loss | (537) | (15,129) | (96.5) | (537) | (17,437) | (96.9) |
| - Effects of foreign exchange differences | (2,799) | (9,193) | (69.6) | (4,334) | (1,941) | 123.3 |
| <u>Items that will not be reclassified</u> | | | | | | |
| <u>subsequently to profit or loss</u> | | | | | | |
| Actuarial loss recognised in defined benefit pension scheme | (3,687) | - | 100.0 | (3,687) | - | 100.0 |
| Tax effect relating to components of other comprehensive income | 737 | - | 100.0 | 737 | - | 100.0 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 94,513 | 68,303 | 38.4 | 178,988 | 197,915 | (9.6) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | |
| Owners of the parent | 98,079 | 64,024 | 53.2 | 177,691 | 191,073 | (7.0) |
| Non-controlling interests | (3,566) | 4,279 | N/A | 1,297 | 6,842 | (81.0) |
| | 94,513 | 68,303 | 38.4 | 178,988 | 197,915 | (9.6) |

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

UNAUDITED QUARTERLY (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the parent | | | | | | | |
|---|--------------------------------------|------------------------------|--------------------------|-----------------------------|--------------------------------|--|--|---------------------------|
| | Share capital RM'000 | Treasury shares RM'000 | Reserves | | | Total to owners of parent company RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
| | | | Non-distributable | | Distributable | | | |
| | | | AFS reserve RM'000 | Other reserves RM'000 | Retained earnings 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 | - | - | 3,755 | (2,215) | 176,151 | 177,691 | 1,297 | 178,988 |
| | 135,103 | (11,860) | 22,422 | 38,816 | 615,481 | 799,962 | 80,403 | 880,365 |
| Transactions with owners: | | | | | | | | |
| Distribution of dividends | - | - | - | - | (168,515) | (168,515) | - | (168,515) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | (756) | (756) |
| | - | - | - | - | (168,515) | (168,515) | (756) | (169,271) |
| At 31 October 2014 | 135,103 | (11,860) | 22,422 | 38,816 | 446,966 | 631,447 | 79,647 | 711,094 |
| 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 | - | - | 9,605 | 46 | 181,422 | 191,073 | 6,842 | 197,915 |
| | 135,103 | (32,907) | 20,029 | 34,370 | 604,643 | 761,238 | 49,891 | 811,129 |
| Transactions with owners: | | | | | | | | |
| Treasury shares acquired | - | (32,780) | - | - | - | (32,780) | - | (32,780) |
| Acquisition of subsidiary company | - | - | - | - | - | - | 21,582 | 21,582 |
| Distribution of dividends | - | - | - | - | (106,976) | (106,976) | - | (106,976) |
| | - | (32,780) | - | - | (106,976) | (139,756) | 21,582 | (118,174) |
| At 31 October 2013 | 135,103 | (65,687) | 20,029 | 34,370 | 497,667 | 621,482 | 71,473 | 692,955 |

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

UNAUDITED QUARTERLY (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 6 months ended 31-10-2014 RM'000 | 6 months ended 31-10-2013 RM'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Receipts from customers | 2,684,522 | 1,881,430 |
| Payments to prize winners, suppliers, duties, taxes and other operating expenses | (2,457,024) | (1,669,214) |
| Other receipts | 87 | 26 |
| Net cash generated from operating activities | 227,585 | 212,242 |
| INVESTING ACTIVITIES | | |
| Net proceeds from disposal of property, plant and equipment | 341 | 797 |
| Net proceeds from disposal of investment properties | 4,740 | - |
| Net proceeds from disposal of short term investments | - | 2,199 |
| Net proceeds from disposal of long term investments | 1,782 | 17,675 |
| Acquisition of investment in subsidiary company | - | (75,180) |
| Acquisition of investment in associated company | (1,029) | (1,901) |
| Acquisition of property, plant and equipment | (6,542) | (3,189) |
| Acquisition/improvement cost of investment properties | (4) | (256) |
| Acquisition of investments | (2,597) | (25,340) |
| Dividend received | 893 | 1,057 |
| Interest received | 6,638 | 5,752 |
| Deposits placement with investment advisers | - | (62,768) |
| Other receipts arising from investments | 797 | 1,548 |
| Other payments from investing activities | (21,124) | (28,025) |
| Net cash used in investing activities | (16,105) | (167,631) |
| FINANCING ACTIVITIES | | |
| Drawdown of borrowings | 295,000 | 366,669 |
| Repayment of borrowings | (311,781) | (160,988) |
| Payment of hire purchase liabilities | (366) | (281) |
| Treasury shares acquired | - | (33,202) |
| Dividends paid to shareholders of the Company | (168,014) | (108,384) |
| Dividends paid to non-controlling interests of a subsidiary company | (756) | - |
| Interest paid | (19,771) | (18,680) |
| Net cash (used in) / generated from financing activities | (205,688) | 45,134 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 5,792 | 89,745 |
| CASH & CASH EQUIVALENTS AT 1 MAY | 489,778 | 429,626 |
| Effects of exchange rate changes | (2,286) | 1,438 |
| CASH & CASH EQUIVALENTS AT 31 OCTOBER | 493,284 | 520,809 |
| | 6 months ended 31-10-2014 RM'000 | 6 months ended 31-10-2013 RM'000 |
| Cash and cash equivalents carried forward comprise the following: | | |
| Cash and bank balances | 117,538 | 144,487 |
| Deposits with financial institutions | 375,746 | 376,322 |
| | 493,284 | 520,809 |

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

UNAUDITED QUARTERLY (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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 October 2014.

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

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 2014.

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

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

As at 31 October 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 October 2013 : 1,335,350,000 ordinary shares of RM0.10 each).

Subsequent to the financial period ended 31 October 2014, the Company bought back additional shares with details as follows:

| Month | Price per share (RM) | | | Number of shares | Total consideration RM'000 |
|---------------|----------------------|---------|---------|------------------|----------------------------|
| | Lowest | Highest | Average | | |
| November 2014 | 3.44 | 3.50 | 3.45 | 3,724,786 | 12,852 |
| TOTAL | | | | 3,724,786 | 12,852 |

As at 17 December 2014, the number of outstanding shares in issue and fully paid with voting rights was 1,344,394,100 ordinary shares of RM0.10 each. Total number of treasury shares held in hand as at 17 December 2014 was 6,635,972 amounting to RM24.7 million valued at average price of RM3.72 per share.

A5 During the financial period ended 31 October 2014, the Company paid the following dividends:

- (i) 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; and
- (ii) First interim single tier exempt dividend on 16 October 2014, in respect of financial year ending 30 April 2015, of 5.5 sen per share on 1,348,118,886 ordinary shares with voting rights amounting to RM74,147,000.

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

| <u>REVENUE</u> | External | Inter- segment | Total |
|---|------------------|-------------------|------------------|
| | RM'000 | RM'000 | RM'000 |
| Toto betting and leasing of lottery equipment | 1,615,328 | - | 1,615,328 |
| Motor dealership | 862,426 | - | 862,426 |
| Others | 20,270 | 1,625 | 21,895 |
| Elimination : Intersegment Revenue | - | (1,625) | (1,625) |
| Total revenue | 2,498,024 | - | 2,498,024 |

RESULTS

| | |
|---|-----------------------|
| Toto betting and leasing of lottery equipment | 288,608 |
| Motor dealership | 8,466 |
| Others | (14,584) |
| | <u>282,490</u> |
| Unallocated corporate expenses | (8,815) |
| Profit from operations | 273,675 |
| Finance costs | (22,334) |
| Interest income | 8,073 |
| Investment related income | 2,448 |
| Investment related expenses | (446) |
| Share of results of associated companies | 2,507 |
| Profit before tax | <u>263,923</u> |
| Taxation | (81,812) |
| Profit for the period | <u>182,111</u> |

A7 There were no material subsequent events for the financial period ended 31 October 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 October 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 (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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 predominantly in the London area of United Kingdom.

Review of Results For the quarter

As compared to the previous year corresponding quarter ended 31 October 2013, the Group registered an increase in revenue and pre-tax profit of 44.7% and 12.1% respectively. The increase in revenue was mainly attributed to the consolidation of H.R. Owen Plc ("H.R. Owen") in the current quarter. The increase in pre-tax profit in the current quarter was mainly attributed to the results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the ensuing paragraph as well as the previous year corresponding quarter incurred corporate exercise expenses (i.e. the aborted listing of the Sports Toto Malaysia Trust on Singapore Exchange Securities Trading Limited).

Sports Toto, the principal subsidiary, recorded a decrease in revenue of 4.3% as compared to the previous year corresponding quarter. In spite of the drop in revenue, Sports Toto registered an increase in pre-tax profit of 6.7% mainly attributable to lower prize payout in the current quarter under review.

As compared to the previous year corresponding quarter, Philippine Gaming Management Corporation ("PGMC") registered an increase in revenue and pre-tax profit of 4.5% and 0.7% respectively mainly due to higher lease rental income earned as a result of higher sales reported by the Philippine Charity Sweepstakes Office.

For the 6-month period

For the 6-month period under review, the Group registered an increase in revenue of 42.4% whilst pre-tax profit dropped by 4.4%. The increase in revenue was mainly attributed to the consolidation of H.R. Owen Plc ("H.R. Owen") in the current period. The decrease in pre-tax profit was mainly due to the results of Sports Toto as explained in the ensuing paragraph mitigated by the consolidation of H.R. Owen's profits in the current period.

As compared to previous year corresponding period, Sports Toto recorded a drop in revenue and pre-tax profit of 6.1% and 9.2% respectively. The current period had lower number of draws compared to previous year corresponding period. The higher percentage drop in pre-tax profit was mainly due to higher operating expenses incurred in the current period.

PGMC recorded lower revenue of 4.7% mainly due to lower lease rental income earned as a result of lower sales reported by the Philippine Charity Sweepstakes Office. In spite of the drop in revenue, the slight increase in pre-tax profit of 0.6% was mainly attributed to the previous year corresponding period having incurred higher charitable contributions.

B2 Review of 2nd Quarter's Results Vs 1st Quarter's Results of financial year ending 30 April 2015

As compared to the preceding quarter ended 31 July 2014, the Group recorded a 0.8% increase in revenue mainly due to the improved results of Sports Toto and PGMC which was partly reduced by the lower revenue reported by H.R. Owen Plc ("H.R. Owen") as explained in the ensuing paragraphs. The Group registered an increase in pre-tax profit of 18.7% mainly attributable to the better results of Sports Toto and PGMC and partly offset by lower earnings reported by H.R. Owen in the current quarter under review.

Sports Toto registered an increase in revenue of 4.8% as the current quarter had higher number of draws compared to the preceding quarter. The pre-tax profit increased by 25.0% mainly attributed to lower prize payout incurred in the current quarter under review.

PGMC registered an increase in revenue and pre-tax profit of 5.4% and 13.3% respectively mainly due to higher lease rental income earned as a result of higher sales reported by the Philippine Charity Sweepstakes Office.

As compared to the preceding quarter, H.R. Owen recorded lower results in the current quarter with a 5.0% drop in revenue mainly due to foreign exchange differences and used car sales volume fell slightly although new car trading remained robust.

B3 Future Prospects

With rising costs weighing down on domestic consumer spending and the uncertain effects of Malaysia Goods and Services Tax from 1 April 2015, 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 October 2014.

B5 Taxation

| | Current quarter RM'000 | Current period ended 31 October 2014 RM'000 |
|---|------------------------------|---|
| Based on the results for the quarter: | | |
| - Malaysian income tax | 44,364 | 75,755 |
| - Foreign countries income tax | 4,183 | 10,525 |
| Deferred tax: | | |
| - Origination and reversal of temporary differences | (5,920) | (4,522) |
| - Under provision in prior year | - | 54 |
| | 42,627 | 81,812 |

The effective tax rate on the Group's profit for the quarter and financial period ended 31 October 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 a Current Report on Form 8-K in which ILTS California announced that it had entered into an agreement and plan of merger pursuant to which 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 Securities Exchange Act of 1934, as amended. 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 obtained the written consent of BLM, approving the merger and the reverse stock split.

The definitive Information Statement describing the merger and the reverse stock split was mailed to shareholders on 9 December 2014. 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 October 2014 were as follows:

| <u>Long term borrowings</u> | At end of current quarter RM'000 |
|--|--|
| Secured | |
| Denominated in | Foreign currency amount |
| - Ringgit Malaysia (Medium Term Notes) | '000 |
| | 495,000 |
| <u>Short term borrowings</u> | |
| Secured | |
| Denominated in | |
| - Ringgit Malaysia (Medium Term Notes) | 200,000 |
| - Philippine Peso | 300,000 * |
| | 221,944 |
| Total bank borrowings | 716,944 |

* Converted at the respective exchange rate prevailing as at 31 October 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 second interim single tier exempt dividend of 6 sen per share (previous year corresponding quarter ended 31 October 2013 : second interim single tier exempt dividend of 6 sen per share) in respect of the financial year ending 30 April 2015 and payable on 13 February 2015. The entitlement date has been fixed on 30 January 2015.

The first interim single tier exempt dividend of 5.5 sen per share was paid on 16 October 2014. This will bring the total dividend distribution per share in respect of financial year ending 30 April 2015 to 11.5 sen per share (previous year corresponding financial period ended 31 October 2013 : 10 sen per share).

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 17 December 2014 of 1.344 billion, the second interim dividend distribution for the financial year ending 30 April 2015 will amount to RM80.7 million. The total dividend distribution for the financial period ended 31 October 2014 is approximately RM154.8 million, **representing about 87.0% of the attributable profit of the Group for the financial period ended 31 October 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) | |
|---|------------------------|-----------|
| | 31-10-14 | 31-10-13 |
| Profit attributable to equity holders of the Company (RM'000) | 99,688 | 82,632 |
| Weighted average number of shares with voting rights ('000) | 1,348,119 | 1,335,973 |
| Basic earnings per share (sen) | 7.39 | 6.19 |
| | Group (6-month period) | |
| | 31-10-14 | 31-10-13 |
| Profit attributable to equity holders of the Company (RM'000) | 178,027 | 181,422 |
| Weighted average number of shares with voting rights ('000) | 1,348,119 | 1,338,808 |
| Basic earnings per share (sen) | 13.21 | 13.55 |

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):

| | Current quarter RM'000 | Financial period ended 31 October 2014 RM'000 |
|--|------------------------------|---|
| Interest income | (4,427) | (8,073) |
| Dividend income included in investment related income | (779) | (893) |
| Other income excluding dividend and interest income | (528) | (797) |
| Depreciation of property, plant and equipment | 7,919 | 15,833 |
| Impairment in value of available-for-sale quoted and unquoted investments | - | - |
| Foreign exchange (gain) / loss | 1,243 | 2,416 |
| Provision for and write off of receivables | 18 | 70 |
| Provision for and write off of inventories | - | - |
| Gain on disposal of quoted or unquoted investment or properties | (820) | (1,000) |
| Gain or loss on derivatives | - | - |
| | - | - |

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

| | As at 31-10-14 RM'000 | As at 30-4-14 RM'000 |
|--|-----------------------------|----------------------------|
| Total retained earnings of the Company and its subsidiaries: | | |
| - realised | 678,426 | 681,072 |
| - unrealised | 45,404 | 47,651 |
| | 723,830 | 728,723 |
| Share of results from associated companies | (3,563) | (6,070) |
| Less: Consolidation adjustments | (273,301) | (283,323) |
| Total group retained earnings as per consolidated accounts | 446,966 | 439,330 |

cc: Securities Commission