

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 17 September 2015

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2015**

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UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group	
	31-7-2015	30-4-2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	170,090	166,478
Other investments	105,085	106,240
Investment properties	98,766	95,966
Investment in associated companies	21,321	18,797
Deferred tax assets	27,409	23,692
Intangible assets	775,529	763,756
	<u>1,198,200</u>	<u>1,174,929</u>
Current assets		
Inventories	431,801	364,042
Receivables	315,110	278,312
Tax recoverable	12,670	2,210
Deposits, cash and bank balances	472,550	430,205
	<u>1,232,131</u>	<u>1,074,769</u>
TOTAL ASSETS	<u>2,430,331</u>	<u>2,249,698</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	97,402	59,800
Available-For-Sale reserve	10,586	15,560
Retained earnings	482,666	477,419
Equity funds	747,084	709,209
Less : Treasury shares	(24,712)	(24,712)
Net equity funds	722,372	684,497
Non-controlling interests	74,585	71,070
Total equity	<u>796,957</u>	<u>755,567</u>
Non-current liabilities		
Retirement benefit obligations	3,811	3,818
Borrowings	640,000	495,000
Deferred tax liabilities	4,035	3,664
Other long term liabilities	1,700	1,551
	<u>649,546</u>	<u>504,033</u>
Current liabilities		
Provisions	1,269	1,095
Borrowings	78,774	200,000
Payables	891,268	782,536
Tax payable	12,517	6,467
Total current liabilities	<u>983,828</u>	<u>990,098</u>
Total liabilities	<u>1,633,374</u>	<u>1,494,131</u>
TOTAL EQUITY AND LIABILITIES	<u>2,430,331</u>	<u>2,249,698</u>
Net assets per share (RM)	0.54	0.51

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 2015
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended		+/-<-> %
	31-7-2015 RM'000	31-7-2014 RM'000	
REVENUE	1,339,165	1,243,885	7.7
PROFIT FROM OPERATIONS	118,214	126,321	(6.4)
Investment related income	4,574	4,495	1.8
Investment related expenses	(59)	(26)	126.9
Finance costs	(11,498)	(11,125)	3.4
Share of results of associated companies	1,752	1,021	71.6
PROFIT BEFORE TAX	112,983	120,686	(6.4)
TAXATION	(35,364)	(39,185)	(9.8)
PROFIT FOR THE PERIOD	77,619	81,501	(4.8)
PROFIT ATTRIBUTABLE TO:			
Owners of the parent	72,467	78,339	(7.5)
Non-controlling interests	5,152	3,162	62.9
	77,619	81,501	(4.8)
EARNINGS PER SHARE (SEN)			
-Basic	5.39	5.81	
-Diluted	5.39	5.81	
DIVIDEND PER SHARE (SEN)			
- First interim	2.50	5.50	
- First interim - Share dividend	2.50	-	

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		+/-<-> %
	31-7-2015 RM'000	31-7-2014 RM'000	
PROFIT AFTER TAXATION	77,619	81,501	(4.8)
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	(5,661)	4,509	N/A
- Effects of foreign exchange differences	36,652	(1,535)	N/A
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	108,610	84,475	28.6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	105,095	79,612	32.0
Non-controlling interests	3,515	4,863	(27.7)
	108,610	84,475	28.6

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
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 AFS reserve RM'000	Other reserves RM'000	Distributable Retained earnings RM'000			
At 1 May 2015	135,103	(24,712)	15,560	81,127	477,419	684,497	71,070	755,567
Total comprehensive income for the period	-	-	(4,974)	37,602	72,467	105,095	3,515	108,610
	135,103	(24,712)	10,586	118,729	549,886	789,592	74,585	864,177
Transaction with owners:								
Distribution of dividends	-	-	-	-	(67,220)	(67,220)	-	(67,220)
	-	-	-	-	(67,220)	(67,220)	-	(67,220)
At 31 July 2015	135,103	(24,712)	10,586	118,729	482,666	722,372	74,585	796,957
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

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	3 months ended
	31-7-2015	31-7-2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Receipts from customers	1,398,194	1,332,370
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(1,351,104)	(1,263,430)
Other receipts	23	66
Net cash generated from operating activities	47,113	69,006
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	133	229
Net proceeds from disposal of investment properties	-	3,212
Acquisition of investment in associated company	-	(1,029)
Acquisition of property, plant and equipment	(4,602)	(1,687)
Acquisition of investments	(3,829)	(2,607)
Dividend received	695	114
Interest received	2,905	2,925
Other receipts arising from investments	107	699
Other payments from investing activities	(12,033)	(4,658)
Net cash used in investing activities	(16,624)	(2,802)
FINANCING ACTIVITIES		
Drawdown of borrowings	223,774	295,000
Repayment of borrowings	(200,000)	(304,351)
Payment of hire purchase liabilities	(131)	(180)
Dividends paid to shareholders of the Company	(1,122)	-
Dividends paid to non-controlling interests of a subsidiary company	-	(756)
Interest paid	(19,345)	(16,525)
Net cash generated from / (used in) financing activities	3,176	(26,812)
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,665	39,392
CASH & CASH EQUIVALENTS AT 1 MAY	427,299	489,778
Effects of exchange rate changes	8,440	(1,872)
CASH & CASH EQUIVALENTS AT 31 JULY	469,404	527,298

	3 months ended	3 months ended
	31-7-2015	31-7-2014
	RM'000	RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	120,351	115,916
Deposits with financial institutions	352,199	411,382
	472,550	527,298
Less : Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(3,146)	-
	469,404	527,298

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

UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
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 financial year ended 30 April 2015. 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 financial year ended 30 April 2015.

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 financial year ended 30 April 2015.

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 2015.

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 2015.

There were no changes in estimates reported in the prior financial year that had a material effect in the current quarter ended 31 July 2015.

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 2015.

The number of treasury shares held in hand as at 31 July 2015 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 31 July 2015	3.72	6,635,972	24,712

As at 31 July 2015, the number of outstanding shares in issue and fully paid with voting rights was 1,344,394,100 ordinary shares of RM0.10 each (31 July 2014 : 1,348,118,886 ordinary shares of RM0.10 each).

Subsequent to the financial period ended 31 July 2015, 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		
August 2015	3.01	3.14	3.09	3,994,100	12,338
September 2015	2.99	3.02	2.99	900,000	2,690
TOTAL				4,894,100	15,028

A4 The number of treasury shares held in hand as at 16 September 2015 are as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 31 July 2015		6,635,972	24,712
Increase in treasury shares		4,894,100	15,028
Total treasury shares as at 16 September 2015	3.45	11,530,072	39,740

As at 16 September 2015, the number of outstanding shares in issue and fully paid with voting rights was 1,339,500,000 ordinary shares of RM0.10 each. Total number of treasury shares held in hand as at 16 September 2015 was 11,530,072 amounting to RM39.7 million valued at average price of RM3.45 per share.

A5 There was no payment of dividend during the financial period ended 31 July 2015. Subsequent to the financial period ended 31 July 2015, the Company paid the following dividend:

Fourth interim single tier exempt dividend on 6 August 2015, in respect of financial year ended 30 April 2015, of 5 sen per share on 1,344,394,100 ordinary shares with voting rights amounting to RM67,220,000.

A6 Segmental revenue and results for the financial period ended 31 July 2015 were as follows:

<u>REVENUE</u>	External	Inter-segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	783,643	-	783,643
Motor dealership	532,943	-	532,943
Others	22,579	1,107	23,686
Elimination : Intersegment Revenue	-	(1,107)	(1,107)
Total revenue	1,339,165	-	1,339,165

RESULTS

Toto betting and leasing of lottery equipment	107,114
Motor dealership	12,988
Others	2,774
	122,876
Unallocated corporate expenses	(4,662)
Profit from operations	118,214
Finance costs	(11,498)
Interest income	3,879
Investment related income	695
Investment related expenses	(59)
Share of results of associated companies	1,752
Profit before tax	112,983
Taxation	(35,364)
Profit for the period	77,619

A7 There were no material subsequent events for the financial period ended 31 July 2015 up to the date of this announcement other than as disclosed below:

On 17 August 2015, the Company announced that its subsidiary company namely Berjaya Philippines Inc., listed on the Philippine Stock Exchange ("PSE") had on even date released an announcement to PSE that its wholly-owned subsidiary company, Philippine Gaming Management Corporation had entered into a Supplemental and Status Quo Agreement with the Philippine Charity Sweepstakes Office ("PCSO") on 13 August 2015 for maintaining the status quo of PGMCM's leasing of online lottery equipment and provision of software support to PCSO for a period of three years from 22 August 2015 until 21 August 2018.

A8 There were no changes in the composition of the Group for the current quarter ended 31 July 2015 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A9 There were no material changes in contingent liabilities or financial guarantee since the last annual reporting date as at 30 April 2015.

A10 There were no material changes in capital commitments since the last annual reporting date as at 30 April 2015.

**UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2015
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 July 2014, the Group registered an increase in revenue of 7.7% while it recorded a drop in pre-tax profit of 6.4%. The increase in revenue was mainly attributed to the results of H.R. Owen Plc ("H.R. Owen") while 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 paragraphs.

Sports Toto, the principal subsidiary, recorded a decrease in revenue and pre-tax profit of 1.5% and 23.6% respectively as compared to the previous year corresponding quarter. The higher drop in pre-tax profit was mainly due to higher prize payout coupled with the Malaysian Goods and Services Tax ("GST") expenses absorbed by Sports Toto 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 20.1% and 21.3% respectively mainly due to higher lease rental income earned as a result of higher sales reported by the Philippine Charity Sweepstakes Office coupled with favourable foreign exchange effect during the current quarter under review.

H.R. Owen registered an increase in revenue to RM532.9 million from RM442.3 million as compared to previous year corresponding quarter and pre-tax profit increased to RM10.9 million as compared to RM6.5 million reported in the previous year corresponding quarter. The improved results of H.R. Owen was mainly attributed to the revenue contributed from additional outlets, higher revenue boosted by new cars sales volume as well as favourable foreign exchange effect in the current quarter under review.

B2 Review of 1st Quarter's Results Vs 4th Quarter's Results of preceding financial year

As compared to the preceding quarter ended 30 April 2015, the Group recorded a decrease in revenue and pre-tax profit of 8.4% and 4.2% respectively mainly due to the results of Sports Toto and H.R. Owen as explained in the ensuing paragraphs. This was mitigated by improved performance reported by PGMC in the current quarter under review.

Sports Toto recorded a decrease in revenue and pre-tax profit of 11.2% and 13.9% respectively as the preceding quarter benefited from the seasonally higher sales during the Chinese New Year festive period and the current quarter also had lower number of draws, but mitigated by lower prize payout in the current quarter under review.

PGMC registered an increase in revenue and pre-tax profit of 15.2% and 26.9% respectively mainly due to higher lease rental income earned as a result of higher sales reported by the Philippine Charity Sweepstakes Office.

H.R. Owen recorded a drop in revenue to RM532.9 million from RM578.4 million as compared to preceding quarter and pre-tax profit decreased to RM10.9 million as compared to RM11.5 million reported in the preceding quarter. This was mainly due to the preceding quarter reported higher sales mitigated by favourable foreign exchange effect in the current quarter under review.

B3 Future Prospects

In view of cautious domestic consumer spending as a result of inflationary effect on the economy and the impact of GST expenses being absorbed by the Group, the Directors expect the NFO business to be challenging for the remaining quarters of the financial year ending 30 April 2016. In spite of the above, the Directors expect the Group to maintain its market share in the NFO business.

B4 There was no profit forecast or profit guarantee given by the Group for the financial period ended 31 July 2015.

B5 Taxation

	Current quarter ended 31 July 2015 RM'000
Based on the results for the quarter:	
- Malaysian income tax	29,719
- Foreign countries income tax	9,250
Deferred tax:	
- Origination and reversal of temporary differences	(3,605)
	35,364

The effective tax rate on the Group's profit for the financial period ended 31 July 2015 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.

B7 The Group's borrowings as at 31 July 2015 were as follows:

	Foreign currency amount	At end of current quarter RM'000
<u>Long term borrowings</u>		
Secured		
Denominated in	'000	
- Ringgit Malaysia (Medium Term Notes)		640,000
<u>Short term borrowings</u>		
Secured		
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		55,000
Unsecured		
Denominated in		
- Great Britain Pound	4,000 *	23,774
		78,774
Total bank borrowings		718,774

* Converted at the respective exchange rate prevailing as at 31 July 2015

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 cash dividend of 2.5 sen per share and a share dividend distribution of approximately 9.57 million treasury shares on the basis of 1 treasury share for every 140 existing ordinary shares of RM0.10 each held in respect of financial year ending 30 April 2016. Based on the treasury share book cost of RM32.98 million (equivalent to approximately RM3.45 per share), the share dividend is equivalent to 2.5 sen per share based on the ordinary shares in issue with voting rights as at 16 September 2015 of 1.34 billion. Hence, the total first interim dividend would be equivalent to 5 sen per share.

The entitlement date has been fixed on 12 October 2015. The cash dividend is payable on 23 October 2015 and the treasury shares to be distributed as share dividend will be credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd within 8 market days from the entitlement date (previous year corresponding quarter ended 31 July 2014 : first interim single tier exempt dividend of 5.5 sen per share).

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 16 September 2015 of 1.34 billion, the first interim dividend distribution for the financial year ending 30 April 2016 will amount to RM66.5 million **representing about 91.7% of the attributable profit of the Group for the first quarter ended 31 July 2015.**

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)	
	31-7-15	31-7-14
Profit attributable to equity holders of the Company (RM'000)	72,467	78,339
Weighted average number of shares with voting rights ('000)	1,344,394	1,348,119
Basic earnings per share (sen)	5.39	5.81

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 2015 RM'000
Interest income	(3,879)
Dividend income included in investment related income	(695)
Other income excluding dividend and interest income	(299)
Depreciation of property, plant and equipment	8,387
Impairment in value of available-for-sale quoted and unquoted investments	59
Foreign exchange (gain) / loss	(2,065)
Provision for and write off of receivables	48
Provision for and write off of inventories	1,163
Gain on disposal of quoted or unquoted investment or properties	-
Gain or loss on derivatives	-

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

	As at 31-7-15 RM'000	As at 30-4-15 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	707,974	731,433
- unrealised	43,714	49,056
	751,688	780,489
Share of results from associated companies	916	(836)
Less: Consolidation adjustments	(269,938)	(302,234)
Total group retained earnings as per consolidated accounts	482,666	477,419

cc: Securities Commission