

# **Berjaya Sports Toto Berhad**

(Company no: 9109-K)

Date: 19 September 2016

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JULY 2016**

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**UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Group</b>	
	<b>31-7-2016</b>	<b>30-4-2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	207,140	217,226
Other investments	75,094	86,394
Investment properties	99,576	99,576
Investment in associated companies	53,969	44,231
Deferred tax assets	42,424	43,484
Intangible assets	771,597	777,803
	<u>1,249,800</u>	<u>1,268,714</u>
<b>Current assets</b>		
Inventories	454,765	467,013
Receivables	415,725	370,474
Tax recoverable	2,643	4,713
Deposits, cash and bank balances	506,412	533,462
	<u>1,379,545</u>	<u>1,375,662</u>
<b>TOTAL ASSETS</b>	<u>2,629,345</u>	<u>2,644,376</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital (par value per share : RM0.10)	135,103	135,103
Capital reserve	285,306	21,327
Exchange reserve	97,028	85,129
Available-For-Sale reserve	(8,517)	3,991
Retained earnings	258,775	531,412
Equity funds	<u>767,695</u>	<u>776,962</u>
Less : Treasury shares	(10,061)	(10,061)
Net equity funds	<u>757,634</u>	<u>766,901</u>
Non-controlling interests	69,546	73,956
<b>Total equity</b>	<u>827,180</u>	<u>840,857</u>
<b>Non-current liabilities</b>		
Retirement benefit obligations	3,095	3,385
Borrowings	452,813	695,000
Deferred tax liabilities	4,724	4,907
Other long term liabilities	1,229	1,283
	<u>461,861</u>	<u>704,575</u>
<b>Current liabilities</b>		
Provisions	1,385	1,418
Borrowings	332,798	135,978
Payables	1,000,027	958,255
Tax payable	6,094	3,293
<b>Total current liabilities</b>	<u>1,340,304</u>	<u>1,098,944</u>
<b>Total liabilities</b>	<u>1,802,165</u>	<u>1,803,519</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,629,345</u>	<u>2,644,376</u>
Net assets per share (RM)	0.56	0.57

**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 2016**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	3 months ended		+/-<-> %
	31-7-2016 RM'000	Restated 31-7-2015 RM'000	
REVENUE	1,435,607	1,327,073	8.2
PROFIT FROM OPERATIONS	102,162	118,214	(13.6)
Investment related income	5,825	4,574	27.4
Investment related expenses	(1,575)	(59)	2,569.5
Finance costs	(12,781)	(11,498)	11.2
Share of results of associated companies	2,770	1,752	58.1
PROFIT BEFORE TAX	96,401	112,983	(14.7)
TAXATION	(35,021)	(35,364)	(1.0)
PROFIT FOR THE PERIOD	61,380	77,619	(20.9)
PROFIT ATTRIBUTABLE TO:			
Owners of the parent	58,741	72,467	(18.9)
Non-controlling interests	2,639	5,152	(48.8)
	61,380	77,619	(20.9)
EARNINGS PER SHARE (SEN)			
-Basic	4.36	5.39	
-Diluted	4.36	5.39	
DIVIDEND PER SHARE (SEN)			
- First interim	4.00	2.50	
- 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 2016**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended		+/-<-> %
	31-7-2016 RM'000	31-7-2015 RM'000	
PROFIT AFTER TAXATION	61,380	77,619	(20.9)
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	(14,127)	(5,661)	149.5
- Effects of foreign exchange differences	6,469	36,652	(82.4)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>53,722</b>	<b>108,610</b>	<b>(50.5)</b>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	58,132	105,095	(44.7)
Non-controlling interests	(4,410)	3,515	N/A
	<b>53,722</b>	<b>108,610</b>	<b>(50.5)</b>

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

**UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016**  
**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			
<b>At 1 May 2016</b>	135,103	(10,061)	3,991	106,456	531,412	766,901	73,956	840,857
Total comprehensive income for the period	-	-	(12,508)	11,899	58,741	58,132	(4,410)	53,722
Transferred from distributable earnings to capital reserve arising from a subsidiary company's bonus issue of shares	-	-	-	263,979	(263,979)	-	-	-
<b>Transaction with owners:</b>								
Distribution of dividends	-	-	-	-	(67,399)	(67,399)	-	(67,399)
	-	-	-	-	(67,399)	(67,399)	-	(67,399)
<b>At 31 July 2016</b>	135,103	(10,061)	(8,517)	382,334	258,775	757,634	69,546	827,180
<b>At 1 May 2015</b>	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
<b>Transaction with owners:</b>								
Distribution of dividends	-	-	-	-	(67,220)	(67,220)	-	(67,220)
	-	-	-	-	(67,220)	(67,220)	-	(67,220)
<b>At 31 July 2015</b>	135,103	(24,712)	10,586	118,729	482,666	722,372	74,585	796,957

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

**UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31-7-2016</b>	<b>31-7-2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Receipts from customers	1,490,278	1,398,194
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(1,447,578)	(1,351,104)
Other receipts	22	23
<b>Net cash generated from operating activities</b>	<b>42,722</b>	<b>47,113</b>
<b>INVESTING ACTIVITIES</b>		
Net proceeds from disposal of property, plant and equipment	37	133
Acquisition of investment in associated company	(7,086)	-
Acquisition of property, plant and equipment	(1,333)	(4,602)
Acquisition of investments	-	(3,829)
Dividend received	193	695
Interest received	3,536	2,905
Other receipts arising from investments	110	107
Other payments from investing activities	(3,014)	(12,033)
<b>Net cash used in investing activities</b>	<b>(7,557)</b>	<b>(16,624)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of borrowings	14,948	223,774
Repayment of borrowings	(60,316)	(200,000)
Payment of hire purchase liabilities	(159)	(131)
Dividends paid to shareholders of the Company	(414)	(1,122)
Interest paid	(20,084)	(19,345)
<b>Net cash (used in)/generated from financing activities</b>	<b>(66,025)</b>	<b>3,176</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(30,860)</b>	<b>33,665</b>
<b>CASH &amp; CASH EQUIVALENTS AT 1 MAY</b>	<b>530,453</b>	<b>427,299</b>
Effects of exchange rate changes	3,971	8,440
<b>CASH &amp; CASH EQUIVALENTS AT 31 JULY</b>	<b>503,564</b>	<b>469,404</b>
	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31-7-2016</b>	<b>31-7-2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	108,057	120,351
Deposits with financial institutions	398,355	352,199
	506,412	472,550
Less : Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(2,848)	(3,146)
	503,564	469,404

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

## UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016 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, International Accounting Standards 34 - Interim Financial Reporting and applicable disclosure provision of the 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 2016. 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 2016.

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 2016.

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 2016.

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 2016 other than those disclosed in the consolidated statement of changes in equity.

There were no changes in estimates reported in the prior financial year that had a material effect in the current quarter ended 31 July 2016.

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 2016.

The number of treasury shares held in hand as at 31 July 2016 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 31 July 2016	3.29	3,057,772	10,061

As at 31 July 2016, the number of outstanding shares in issue and fully paid with voting rights was 1,347,972,300 ordinary shares of RM0.10 each (31 July 2015 : 1,344,394,100 ordinary shares of RM0.10 each).

A5 There was no payment of dividend during the financial period ended 31 July 2016. Subsequent to the financial period ended 31 July 2016, the Company paid the following dividend:

Fourth interim single tier dividend on 9 August 2016, in respect of financial year ended 30 April 2016, of 5 sen per share on 1,347,972,300 ordinary shares with voting rights amounting to RM67,399,000.

A6 Segmental revenue and results for the financial period ended 31 July 2016 were as follows:

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	799,196	-	799,196
Motor dealership	626,093	-	626,093
Others	10,318	839	11,157
Elimination : Intersegment Revenue	-	(839)	(839)
Total revenue	<u>1,435,607</u>	<u>-</u>	<u>1,435,607</u>

#### RESULTS

Toto betting and leasing of lottery equipment	112,773
Motor dealership	9,530
Others	(16,083)
	<u>106,220</u>
Unallocated corporate expenses	(4,058)
Profit from operations	102,162
Finance costs	(12,781)
Interest income	5,632
Investment related income	193
Investment related expenses	(1,575)
Share of results of associated companies	2,770
Profit before tax	<u>96,401</u>
Taxation	(35,021)
Profit for the period	<u>61,380</u>

A7 There were no material subsequent events for the financial period ended 31 July 2016 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 2016 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than as disclosed below:

- (i) On 6 May 2016, Berjaya Philippines Inc. ("BPI"), an indirect subsidiary of the Company completed the subscription of 42,500 new ordinary shares in Neptune Properties Inc. ("Neptune") for a total consideration of Peso82.3 million (equivalent to RM7.1 million), representing 41.5% equity interests in Neptune; and
- (ii) the deemed partial disposal in July 2016 arising from the dilution of the BPI's equity interest in an associated company, Bermaz Auto Philippines Inc. (formerly known as Berjaya Auto Philippines Inc.) ("B.Auto Philippines") from 35% to 33.25% following B.Auto Philippines enlarged its issued and paid up share capital from Peso209.0 million to Peso220.0 million arising from new placement of shares.

A9 There were no material changes in contingent liabilities or financial guarantee since the last annual reporting date as at 30 April 2016.

A10 There were no material changes in capital commitments since the last annual reporting date as at 30 April 2016.



**UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2016  
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, illegal gaming operations 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.

The revenue from toto betting is presented net of gaming tax and Malaysia Goods and Services Tax ("GST") on gaming supply. In the previous year corresponding quarter ended 31 July 2015, the revenue from toto betting was recognised based on ticket sales net of gaming tax but inclusive of GST which was classified under cost of sales and this has been adjusted and reclassified to conform with current presentation.

Review of results for the quarter

As compared to the previous year corresponding quarter ended 31 July 2015, the Group registered an increase in revenue of 8.2% whilst pre-tax profit dropped by 14.7%. The Group attributed the revenue growth to the results of Sports Toto Malaysia Sdn Bhd ("Sports Toto") and H.R. Owen Plc ("H.R. Owen") as explained in the ensuing paragraphs. The decrease in the Group's pre-tax profit was mainly due to the results of H.R. Owen as well as the foreign exchange effect recognised by a foreign subsidiary company during the current quarter but partially set off by improved results reported by Sports Toto as explained in the ensuing paragraphs.

Sports Toto, the principal subsidiary, recorded an increase in revenue and pre-tax profit of 3.6% and 7.5% respectively as compared to the previous year corresponding quarter. The increase in revenue was attributed to strong sales from high jackpot in the 4D Jackpot game in the current quarter under review whilst the increase in pre-tax profit was primarily due to lower prize payout in the current quarter under review.

PGMC (in its functional currency, Philippine Peso), registered a decrease in revenue and pre-tax profit mainly due to lower lease rental income earned from the Philippine Charity Sweepstakes Office. Upon translation to Ringgit Malaysia (reporting currency of the Berjaya Sports Toto Berhad's Group), it reported an increase in revenue 3.1% and a marginal drop in pre-tax profit of 0.9% as a result of the favourable foreign exchange effect during the current quarter under review.

H.R. Owen registered an increase in revenue to RM626.1 million from RM532.9 million recorded in the previous year corresponding quarter. This was mainly due to higher revenue boosted by higher sales volume of new cars coupled with certain new models available for sale during the current quarter. Pre-tax profit decreased to RM6.9 million as compared to RM10.9 million reported in the same period last year due to higher operating expenses incurred 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 2016, the Group recorded a decrease in revenue and pre-tax profit of 3.3% and 31.0% respectively mainly due to the results of Sports Toto but mitigated by improved performance reported by PGMC and H.R. Owen as explained in the ensuing paragraphs.

Sports Toto recorded a decrease in revenue and pre-tax profit of 6.1% and 32.6% respectively. The decrease in revenue was mainly due to preceding quarter benefited from the seasonally higher sales during the Chinese New Year festive period coupled with the current quarter had lower number of draws. The higher decrease in pre-tax profit was mainly due to lower prize payout in the preceding quarter.

PGMC registered an increase in revenue and pre-tax profit of 18.4% and 16.9% 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 an increase in revenue to RM626.1 million from RM623.6 million as compared to preceding quarter and pre-tax profit increased to RM6.9 million as compared to RM3.9 million reported in the preceding quarter. The improved results of H.R. Owen was mainly attributable to higher sales achieved as well as certain new models available for sale during the current quarter. However, the effect was partly set off by unfavourable foreign exchange effect in conversion to Ringgit Malaysia in the current quarter under review.

**B3 Future Prospects**

With the subdued economic climate and rising costs, consumer spending is expected to continue to dampen. The Directors expect the NFO business to be challenging for the remaining quarters of the financial year ending 30 April 2017 in view of the weaker consumer sentiment and increasing illegal gaming activities. In spite of the above, the Directors expect the Group to maintain its market share in the NFO business.

On the operation of H.R. Owen, there is no immediate material or noticeable impact on the luxury vehicles market resulting from the uncertainties of Brexit as at to-date. However, the Directors are cautious of the uncertainties that may arise from the Brexit and the impact it may have on the motor dealership segment performance for the remaining quarters of the financial year ending 30 April 2017.

**B4** There was no profit forecast or profit guarantee given by the Group for the financial period ended 31 July 2016.

**B5 Taxation**

	Current quarter ended 31 July 2016 RM'000
Based on the results for the quarter:	
- Malaysian income tax	25,939
- Foreign countries income tax	7,439
Deferred tax:	
- Origination and reversal of temporary differences	1,643
	35,021

The effective tax rate on the Group's profit for the financial period ended 31 July 2016 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 2016 were as follows:

<u>Long term borrowings</u>	Foreign currency amount	At end of current quarter RM'000
Secured		
Denominated in	'000	
- Ringgit Malaysia (Medium Term Notes)		440,000
- Great Britain Pound	2,400 *	12,813
		452,813
<u>Short term borrowings</u>		
Secured		
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		305,000
- Philippine Peso	50,000 *	4,306
- Great Britain Pound	4,400 *	23,492
		332,798
Total bank borrowings		785,611

\* Converted at the respective exchange rate prevailing as at 31 July 2016

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 dividend of 4 sen per share in respect of the financial year ending 30 April 2017 and payable on 18 October 2016. The entitlement date has been fixed on 7 October 2016. In the previous year corresponding quarter ended 31 July 2015, the Board declared a first interim dividend consists of single tier cash dividend of 2.5 sen per share and a share dividend distribution of 9.55 million treasury shares on the basis of 1 treasury share for every 140 ordinary shares held. Based on the treasury share book cost of RM32.9 million (equivalent to approximately RM3.45 per share), the share dividend is equivalent to 2.5 sen per share.

Based on the number of RM0.10 fully paid ordinary shares in issue and with voting rights as at 18 September 2016 of 1.348 billion, the first interim dividend distribution for the financial year ending 30 April 2017 will amount to RM53.9 million **representing about 91.8% of the attributable profit of the Group for the first quarter ended 31 July 2016.**

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)	
	31-7-16	31-7-15
Profit attributable to equity holders of the Company (RM'000)	58,741	72,467
Weighted average number of shares with voting rights ('000)	1,347,972	1,344,394
Basic earnings per share (sen)	4.36	5.39

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 2016 RM'000
Interest income	(5,632)
Dividend income included in investment related income	(193)
Other income excluding dividend and interest income	(238)
Depreciation of property, plant and equipment	7,350
Impairment in value of available-for-sale quoted and unquoted investments	-
Foreign exchange (gain) / loss	8,970
Provision for and write off of receivables	-
Provision for and write off of inventories	598
Loss on deemed partial disposal arising from dilution of equity interest in an associated company	1,575
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 31-7-16 RM'000	As at 30-4-16 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	432,843	762,916
- unrealised	84,071	49,850
	516,914	812,766
Share of results from associated companies	6,714	3,944
Less: Consolidation adjustments	(264,853)	(285,298)
Total group retained earnings as per consolidated accounts	258,775	531,412

cc: Securities Commission