

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 14 December 2018

Subject: **UNAUDITED QUARTERLY INTERIM (Q2) FINANCIAL REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2018**

<u>Table of contents</u>	Page
Condensed Consolidated Statement of Financial Position	1
Condensed Consolidated Statement of Profit or Loss	2
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Quarterly Financial Report	6 - 10
Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	11 - 16

BERJAYA SPORTS TOTO BERHAD
(Company No: 9109-K)

UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group	
	31-10-2018	30-4-2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	179,455	183,036
Other investments	112,073	104,912
Investment properties	136,017	136,719
Investment in associated companies	73,467	83,133
Retirement benefit assets	3,436	3,506
Deferred tax assets	32,775	30,913
Intangible assets	767,222	768,916
	<u>1,304,445</u>	<u>1,311,135</u>
Current assets		
Inventories	387,503	406,768
Receivables	502,712	489,161
Tax recoverable	74	5,814
Deposits, cash and bank balances	362,874	418,179
	<u>1,253,163</u>	<u>1,319,922</u>
TOTAL ASSETS	<u>2,557,608</u>	<u>2,631,057</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	135,103	135,103
Exchange reserve	71,125	49,227
Fair value reserve	(35,379)	-
Available-For-Sale reserve	-	12,264
Other reserves	228,056	228,583
Retained earnings	408,654	318,449
Equity funds	<u>807,559</u>	<u>743,626</u>
Less : Treasury shares	<u>(12,320)</u>	<u>(12,320)</u>
Net equity funds	795,239	731,306
Non-controlling interests	<u>53,813</u>	<u>55,091</u>
Total equity	<u>849,052</u>	<u>786,397</u>
Non-current liabilities		
Retirement benefit obligations	1,967	1,774
Borrowings	154,366	530,415
Deferred tax liabilities	16,364	16,687
Other long term liabilities	7,205	7,317
	<u>179,902</u>	<u>556,193</u>
Current liabilities		
Provisions	1,816	2,593
Borrowings	904,573	626,256
Payables	594,135	651,915
Tax payable	28,130	7,703
Total current liabilities	<u>1,528,654</u>	<u>1,288,467</u>
Total liabilities	<u>1,708,556</u>	<u>1,844,660</u>
TOTAL EQUITY AND LIABILITIES	<u>2,557,608</u>	<u>2,631,057</u>
Net assets per share (RM)	0.59	0.54

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.

BERJAYA SPORTS TOTO BERHAD
(Company No: 9109-K)

UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended			6 months ended		
	31-10-2018 RM'000	31-10-2017 RM'000	+/-<-> %	31-10-2018 RM'000	31-10-2017 RM'000	+/-<-> %
REVENUE	1,352,483	1,383,712	(2.3)	2,853,313	2,855,541	(0.1)
PROFIT FROM OPERATIONS	102,576	104,352	(1.7)	246,748	230,068	7.3
Investment related income	5,068	5,646	(10.2)	11,072	10,937	1.2
Investment related expenses	-	(691)	(100.0)	-	(700)	(100.0)
Finance costs	(11,863)	(13,610)	(12.8)	(24,558)	(25,308)	(3.0)
Share of results of associated companies	(1,494)	385	N/A	(5,929)	(1,398)	324.1
PROFIT BEFORE TAX	94,287	96,082	(1.9)	227,333	213,599	6.4
TAXATION	(31,619)	(32,898)	(3.9)	(74,505)	(72,756)	2.4
PROFIT FOR THE PERIOD	62,668	63,184	(0.8)	152,828	140,843	8.5
PROFIT ATTRIBUTABLE TO:						
Owners of the parent	60,290	61,732	(2.3)	147,177	136,044	8.2
Non-controlling interests	2,378	1,452	63.8	5,651	4,799	17.8
	62,668	63,184	(0.8)	152,828	140,843	8.5
EARNINGS PER SHARE (SEN)						
-Basic	4.48	4.58		10.93	10.10	
DIVIDEND PER SHARE (SEN)						
- First interim	-	-		4.00	4.00	
- Second interim	4.00	4.00		4.00	4.00	

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

BERJAYA SPORTS TOTO BERHAD
(Company No: 9109-K)

UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended			6 months ended		
	31-10-2018 RM'000	31-10-2017 RM'000	+/<-> %	31-10-2018 RM'000	31-10-2017 RM'000	+/<-> %
PROFIT AFTER TAXATION	62,668	63,184	(0.8)	152,828	140,843	8.5
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	(11,944)	(120)	9,853.3	(16,066)	(1,300)	1,135.8
- Transferred to profit or loss due to disposal of AFS investments	(41)	-	100.0	(41)	-	100.0
- Effects of foreign exchange differences	13,567	(16,653)	N/A	17,440	(26,926)	N/A
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	64,250	46,411	38.4	154,161	112,617	36.9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the parent	64,524	45,962	40.4	154,418	108,621	42.2
Non-controlling interests	(274)	449	N/A	(257)	3,996	N/A
	64,250	46,411	38.4	154,161	112,617	36.9

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

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent											
	Share capital	Treasury shares	Exchange reserve	AFS reserve	Fair value reserve	Other reserves			Distributable	Total	Non-controlling interests	Total equity
						Capital reserve	Consolidation reserve	Revaluation reserve	Retained earnings	net equity funds		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 May 2018 (as previously reported)	135,103	(12,320)	49,227	12,264	-	285,306	(58,870)	2,147	318,449	731,306	55,091	786,397
Effects of adopting MFRS 9	-	-	-	(12,264)	(20,722)	-	-	-	32,986	-	-	-
Effects of adopting MFRS 15	-	-	-	-	-	-	-	-	17,802	17,802	-	17,802
At 1 May 2018 (as restated)	135,103	(12,320)	49,227	-	(20,722)	285,306	(58,870)	2,147	369,237	749,108	55,091	804,199
Profit for the year	-	-	-	-	-	-	-	-	147,177	147,177	5,651	152,828
Other comprehensive income for the period	-	-	21,898	-	(14,657)	-	-	-	-	7,241	(5,908)	1,333
	-	-	21,898	-	(14,657)	-	-	-	147,177	154,418	(257)	154,161
Transaction with owners:												
Distribution of dividends	-	-	-	-	-	-	-	-	(107,760)	(107,760)	-	(107,760)
Arising from increase in equity interest in a subsidiary company	-	-	-	-	-	-	(527)	-	-	(527)	(1,021)	(1,548)
	-	-	-	-	-	-	(527)	-	(107,760)	(108,287)	(1,021)	(109,308)
At 31 October 2018	135,103	(12,320)	71,125	-	(35,379)	285,306	(59,397)	2,147	408,654	795,239	53,813	849,052
At 1 May 2017	135,103	(10,061)	123,301	3,759	-	285,306	(57,822)	-	288,434	768,020	44,232	812,252
Profit for the year	-	-	-	-	-	-	-	-	136,044	136,044	4,799	140,843
Other comprehensive income for the period	-	-	(26,390)	(1,033)	-	-	-	-	-	(27,423)	(803)	(28,226)
	-	-	(26,390)	(1,033)	-	-	-	-	136,044	108,621	3,996	112,617
Transactions with owners:												
Distribution of dividends	-	-	-	-	-	-	-	-	(94,319)	(94,319)	-	(94,319)
Treasury shares acquired	-	(2,259)	-	-	-	-	-	-	-	(2,259)	-	(2,259)
	-	(2,259)	-	-	-	-	-	-	(94,319)	(96,578)	-	(96,578)
At 31 October 2017	135,103	(12,320)	96,911	2,726	-	285,306	(57,822)	-	330,159	780,063	48,228	828,291

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

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended 31-10-2018 RM'000	6 months ended 31-10-2017 RM'000
OPERATING ACTIVITIES		
Receipts from customers	2,951,448	3,060,974
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(2,763,797)	(2,915,207)
Other receipts	31	143
Net cash generated from operating activities	187,682	145,910
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	10,630	256
Net proceeds from disposal of long term investments	148	-
Acquisition of investment in associated company	-	(10,759)
Acquisition of property, plant and equipment	(21,361)	(10,189)
Acquisition of additional equity interest in a subsidiary company	(1,548)	-
Acquisition of long term investments	(19,876)	(35,891)
Dividend received	1,338	910
Interest received	7,954	11,575
Other receipts arising from investments	211	212
Other payments from investing activities	(14,165)	(4,058)
Withdrawn placements from fund managers	67,572	82,629
Net cash generated from investing activities	30,903	34,685
FINANCING ACTIVITIES		
Treasury shares acquired	-	(2,259)
Issuance of medium term notes	275,000	280,000
Drawdown of borrowing	2,345	-
Repayment of medium term notes	(300,000)	(255,000)
Repayment of borrowings	(69,550)	(41,727)
Payment of hire purchase liabilities	(332)	(378)
Dividends paid to shareholders of the Company	(161,633)	(94,271)
Interest paid	(24,099)	(25,021)
Net cash used in financing activities	(278,269)	(138,656)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(59,684)	41,939
CASH & CASH EQUIVALENTS AT 1 MAY	415,272	384,052
Effects of exchange rate changes	4,433	(2,770)
CASH & CASH EQUIVALENTS AT 31 OCTOBER	360,021	423,221

	6 months ended 31-10-2018 RM'000	6 months ended 31-10-2017 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	116,853	125,481
Deposits with financial institutions	246,021	300,714
	362,874	426,195
- Deposits with financial institutions	(2,853)	(2,974)
	360,021	423,221

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

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018 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, the Companies Act 2016 in Malaysia 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 2018. 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 2018.

Changes in Accounting Policies

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 2018, except for the adoption of the new Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs which were effective for the financial periods beginning on or after 1 January 2018.

Unless otherwise described below, the new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs are expected to have no significant financial impacts to the financial statements of the Group upon their initial application except for changes in presentation and additional disclosures of financial information. The Group has neither early adopted nor applied any new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs that are issued but not yet effective for the current financial period ended 31 October 2018.

(a) MFRS 9: Financial Instruments

MFRS 9 introduces new requirements for classification and measurements, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

(i) Classification and measurement

There is no significant impact on the statements of financial position on applying the classification and measurement requirements of MFRS 9. All financial assets will continue to be held at fair value, quoted equity shares as available-for-sale ("AFS") will continue to record gains and losses in other comprehensive income ("OCI"). The equity shares in non-quoted companies are intended to be held for the foreseeable future and the Group will apply the option to present its fair value changes in OCI.

On the date of the Group first adoption of MFRS 9 i.e. 1 May 2018, the Group had a total investment in quoted and non-quoted equity instruments at fair value of RM104,721,000 that were classified as available-for-sale investments. The total impairment losses and cumulative gains recognised through other comprehensive income (which is attributable to the owners of parent) to available-for-sale reserve that have been recognised for these investments amounted to RM32,986,000 and RM12,264,000 respectively. These amounts were transferred to a fair value reserve upon initial adoption of MFRS 9 on 1 May 2018.

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

**UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
NOTES TO THE QUARTERLY FINANCIAL REPORT**

A1 (a) MFRS 9: Financial Instruments (Continued)

(i) Classification and measurement (continued)

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

(ii) Impairment

Under MFRS 9, the Group is required to record expected credit loss on its trade and other receivables either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected credit losses on its trade receivables.

The trade receivables mainly consist of creditworthy debtors with good payment records and debtors with no concerns on the credit worthiness. The Group minimises credit risk by dealing with high credit rating counterparties, application of credit approval limits and continuous monitoring procedures. There is no significant impact to the Group's financial statements from the impairment based on the expected credit loss model on its trade receivables.

For other non-trade receivables, there is no significant impact to the Group's financial statements.

(iii) Hedge accounting

There is no impact on the Group's accounting for hedge accounting as the Group does not have any hedges.

A1 (b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supercede the current revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations when it becomes effective. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018****NOTES TO THE QUARTERLY FINANCIAL REPORT**A1 (b) MFRS 15: Revenue from Contracts with Customers (Continued)

The Group had assessed that there are impacts on the revenue from the lottery and voting systems business of which revenue is derived from long term contracts. Some of these contracts have multiple performance obligations and the Group allocates the contracts' transaction price to each performance obligation and recognise the revenue when the respective performance obligation is satisfied. The Group had reassessed the total financial impact on the Group's financial statements upon adoption of MFRS 15 on 1 May 2018 which have been summarised in the table below.

The Group evaluated and concluded that there is no element of financing present as the Group's sale of goods and services are either on cash terms or on credit terms of up to 60 days.

Financial impact

The financial impact from initial adoption of MFRS 9 and MFRS 15 as at 1 May 2018 are as follows:

	As previously stated RM'000	Effects of adoption MFRS 9 RM'000	Effects of adoption MFRS 15 RM'000	As restated RM'000
Increase/(decrease):				
Available-for-sale reserve	12,264	(12,264)	-	-
Fair value reserve	-	(20,722)	-	(20,722)
Retained earnings	318,449	32,986	17,802	369,237
Receivables	489,161	-	4,227	493,388
Payables	651,915	-	(13,665)	638,250
Provisions	2,593	-	90	2,683

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 2018.

There were no changes in estimates reported in the prior financial year that had a material effect in the current quarter ended 31 October 2018.

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 2018.

The number of treasury shares held in hand as at 31 October 2018 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 May 2018 / 31 October 2018	3.06	4,030,072	12,320

As at 31 October 2018, the number of outstanding shares in issue with voting rights was 1,347,000,000 ordinary shares (31 October 2017 : 1,347,000,000 ordinary shares).

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018****NOTES TO THE QUARTERLY FINANCIAL REPORT**

A5 During the financial period ended 31 October 2018 and up to the date of this report, the Company paid the following dividends:

- (i) Third interim single tier dividend on 3 May 2018, in respect of financial year ended 30 April 2018, of 4 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM53,880,000;
- (ii) Fourth interim single tier dividend on 9 August 2018, in respect of financial year ended 30 April 2018, of 4 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM53,880,000; and
- (iii) First interim single tier dividend on 23 October 2018, in respect of financial year ending 30 April 2019, of 4 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM53,880,000.

A6 Segmental revenue and results for the financial period ended 31 October 2018 were as follows:

<u>REVENUE</u>	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	1,595,730	-	1,595,730
Motor dealership	1,222,136	289	1,222,425
Others	35,447	10,789	46,236
Elimination : Intersegment Revenue	-	(11,078)	(11,078)
Total revenue	<u>2,853,313</u>	<u>-</u>	<u>2,853,313</u>

RESULTS

Toto betting and leasing of lottery equipment	231,535
Motor dealership	29,089
Others	(6,043)
	<u>254,581</u>
Unallocated corporate expenses	(7,833)
Profit from operations	246,748
Finance costs	(24,558)
Interest income	9,693
Investment related income	1,379
Share of results of associated companies	(5,929)
Profit before tax	<u>227,333</u>
Taxation	(74,505)
Profit for the period	<u><u>152,828</u></u>

A7 There were no material subsequent events for the financial period ended 31 October 2018 up to the date of this announcement other than those disclosed in note B8.

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

**UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
NOTES TO THE QUARTERLY FINANCIAL REPORT**

A8 There were no changes in the composition of the Group for the current quarter ended 31 October 2018 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except as disclosed below:

On 14 August 2018, Berjaya Philippines Inc. ("BPI"), an indirect subsidiary of the Company acquired additional 174,180 ordinary shares at GBP1.70 each in H.R. Owen Plc ("H.R. Owen"), representing 0.7% equity interest in H.R. Owen, for a total cash consideration of GBP297,681 (equivalent to approximately RM1.548 million). Consequently, H.R. Owen became a wholly-owned subsidiary company of BPI.

A9 There were no significant changes in contingent liabilities or financial guarantee since the last annual reporting date as at 30 April 2018.

A10 There were no material changes in capital commitments since the last annual reporting date as at 30 April 2018.

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B1 The Group's core business is in the number forecast operation ("NFO") which includes toto betting and other related ancillary businesses. The Group also has strategic investments in auto retailing and provision of aftersales services and hospitality sector. The key factors (other than general economic conditions) affecting the main performance of the core 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 whilst auto retailing business is affected by the trend in prestige and specialist cars predominantly in the London area of United Kingdom and the ultimate impact of Brexit.

The summary results of the Group are as follows:

	3 months ended		+/<->
	31-10-2018	31-10-2017	
	RM'000	RM'000	%
Revenue	<u>1,352,483</u>	<u>1,383,712</u>	(2.3)
Profit from operations	<u>102,576</u>	<u>104,352</u>	(1.7)
Profit before tax	<u>94,287</u>	<u>96,082</u>	(1.9)

Review of Results for the quarter

As compared to the previous year corresponding quarter ended 31 October 2017, the Group recorded a drop in revenue of 2.3% mainly due to lower revenue reported by Sports Toto Malaysia Sdn Bhd ("Sports Toto") and H.R. Owen Plc ("H.R. Owen"). The Group's pre-tax profit decreased by 1.9% mainly due to lower results from Sports Toto but was partly mitigated by improved results attained by H.R. Owen and Philippine Gaming Management Corporation ("PGMC") in the current quarter under review.

Sports Toto recorded a drop in revenue of 1.4% mainly due to the previous year corresponding quarter which registered strong sales from its high jackpot in the Grand Toto 6/63 game. It reported a higher percentage decrease in pre-tax profit of 13.4% mainly due to higher prize payout in the current quarter under review.

PGMC (in its functional currency, Philippine Peso) recorded an increase in revenue of 7.2% mainly attributed to higher lease rental income earned from higher sales reported by the Philippine Charity Sweepstakes Office ("PCSO"). PGMC's pre-tax profit increased by 49.8% mainly attributed to the higher lease rental income earned and lower operating expenses incurred in the current quarter. However, upon translation to Ringgit Malaysia, PGMC reported a marginal drop in revenue of 0.4% whilst the increase in pre-tax profit was 39.0% as a result of the unfavourable foreign exchange effect during the current quarter under review.

H.R. Owen's revenue (in its functional currency, Great Britain Pound) increased by 1.1% contributed by the higher revenue from new car sales. It reported a pre-tax profit of GBP0.8 million as compared to a pre-tax loss of GBP0.7 million reported in the previous year corresponding quarter. The improved results was mainly contributed by higher sales from the new car sector. However, upon translation to Ringgit Malaysia, H.R. Owen reported a drop in revenue of 3.1% to RM523.6 million from RM540.3 million in the previous year corresponding quarter resulted from the unfavourable foreign exchange effect during the current quarter. It recorded a pre-tax profit of RM4.5 million in the current quarter compared to pre-tax loss of RM4.0 million in the previous year corresponding quarter.

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD****B1 For the 6-month period**

The summary results of the Group are as follows:

	6 months ended		+/<->
	31-10-2018	31-10-2017	
	RM'000	RM'000	%
Revenue	<u>2,853,313</u>	<u>2,855,541</u>	(0.1)
Profit from operations	<u>246,748</u>	<u>230,068</u>	7.3
Profit before tax	<u>227,333</u>	<u>213,599</u>	6.4

The Group's revenue was on par with the previous year corresponding period ended 31 October 2017. The Group registered an increase in pre-tax profit of 6.4% mainly attributed to the improved results of H.R. Owen in the current quarter under review.

Sports Toto recorded a marginal drop in revenue of 0.6% while pre-tax profit was on par with the previous year corresponding period ended 31 October 2017. The impact of higher prize payout in the current period was mitigated by the effect of the three (3) months tax holiday of the Goods and Services Tax prior to the implementation of the Sales and Service Tax effective 1 September 2018.

PGMC's revenue increased by 3.4% in its functional currency, Philippine Peso, mainly attributed to higher lease rental income earned from PCSO. The increase in pre-tax profit of 31.8% was attributed to lower operating expenses incurred in addition to the higher revenue earned in the current period under review. However, upon translation to Ringgit Malaysia, PGMC reported a drop in revenue of 5.7% whilst the increase in pre-tax profit was 20.2% as a result of the unfavourable foreign exchange effect during the current period under review.

H.R. Owen (in its functional currency, Great Britain Pound) registered a growth in both revenue and pre-tax profit. Revenue increased by 5.5% whilst pre-tax profit increased to GBP4.8 million from GBP2.0 million reported in the previous year corresponding period. The higher sales from the new car sector due to the delivery of certain new models had contributed to the improved results in the current period under review. Upon translation into Ringgit Malaysia, H.R. Owen reported only a marginal increase in revenue of 0.9% due to the unfavourable foreign exchange effect, and the pre-tax profit increased to RM25.5 million in the current period from RM11.5 million reported in the previous year corresponding period ended 31 October 2017.

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD****B2 Review of 2nd Quarter's Results Vs 1st Quarter's Results of financial year ending 30 April 2019**

	3 months ended		+/<->
	31-10-2018	31-7-2018	
	RM'000	RM'000	%
Revenue	<u>1,352,483</u>	<u>1,500,830</u>	(9.9)
Profit from operations	<u>102,576</u>	<u>144,172</u>	(28.9)
Profit before tax	<u>94,287</u>	<u>133,046</u>	(29.1)

The Group recorded a drop in revenue of 9.9% in the current quarter mainly due to lower revenue reported by H.R. Owen but was partly mitigated by higher revenue attained by Sports Toto and PGMC as explained in the ensuing paragraphs. As compared to the preceding quarter, the Group's pre-tax profit decreased by 29.1% mainly due to lower results reported by Sports Toto and H.R. Owen but partly mitigated by improved results achieved by PGMC in the current quarter.

As compared to the preceding quarter ended 31 July 2018, Sports Toto recorded an increase in revenue of 4.7% mainly attributed to higher number of draws in the current quarter under review. It reported a drop in pre-tax profit of 21.2% mainly due to higher prize payout in the current quarter.

PGMCs revenue increased by 15.1% mainly attributed to higher lease rental income earned from higher sales reported by PCSO. The significant increase in pre-tax profit of 48.0% was also attributed to lower operating expenses incurred in the current quarter under review.

H.R. Owen reported a drop in both revenue and pre-tax profit as compared to the preceding quarter. Revenue decreased by 25.1% to RM523.6 million in the current quarter from RM698.8 million as reported in the preceding quarter, while pre-tax profit dropped to RM4.5 million in the current quarter from RM21 million as reported in the preceding quarter. This was mainly due to the delay in the delivery of vehicles from the manufacturers in the current quarter which had partly resulted from the changes to the emission testing of all new vehicles under the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) effective 1 September 2018.

B3 Future Prospects

The Directors anticipate that the performance of the NFO business of Sports Toto will be satisfactory and are confident that the Group will continue to maintain its market share in the NFO business for the remaining quarters for the financial year ending 30 April 2019.

B4 There was no profit forecast or profit guarantee given by the Group for the financial period under review.

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

**UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B5 Taxation

	Current quarter RM'000	Current period ended 31 October 2018 RM'000
Based on the results for the quarter:		
- Malaysian income tax	27,876	56,332
- Over provision in prior year	-	(27)
- Foreign countries income tax	7,313	19,603
Deferred tax		
- Origination and reversal of temporary differences	(3,570)	(1,403)
	<u>31,619</u>	<u>74,505</u>

The effective tax rate on the Group's profit for the quarter ended 31 October 2018 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 October 2018 were as follows:

	Foreign currency amount '000	At end of current quarter RM'000
<u>Long term borrowings</u>		
Secured		
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		130,000
- Philippine Peso (Term loan)	187,500 *	14,656
- Great Britain Pound (Term loan)	1,823 *	<u>9,710</u>
		<u>154,366</u>
<u>Short term borrowings</u>		
Secured		
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		# 645,000
- Philippine Peso (Term loan)	150,000 *	11,725
- Great Britain Pound (Term loan)	215 *	1,145
- Great Britain Pound (Vehicle stocking loans)	45,886 *	<u>244,358</u>
Unsecured		902,228
- Philippine Peso (Promissory Notes)	30,000 *	<u>2,345</u>
		<u>904,573</u>
Total bank borrowings		<u>1,058,939</u>

* Converted at the respective exchange rate prevailing as at 31 October 2018

A total of RM645.0 million Secured Medium Term Notes issued by a subsidiary company will be refinanced by the new issuance from the 15-year Medium Term Notes Programme that was established on 15 June 2017.

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

**UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B8 There is no pending material litigation since the last annual reporting date up to the date of this announcement other than as disclosed below:

Philippine Gaming Management Corporation ("PGMC"), an indirect subsidiary of the Company, commenced arbitration proceedings against the Philippine Charity Sweepstakes Office ("PCSO") at the International Chamber of Commerce, International Court of Arbitration, pursuant to an interim settlement agreement between PGMC and PCSO whereby the parties agreed to resort to arbitration in order to settle issues regarding PGMC's exclusivity as an online lottery lessor of PCSO in Luzon, Philippines.

On 1 March 2018, Berjaya Philippines Inc. ("BPI"), the immediate holding company of PGMC, released an announcement to Philippine Stock Exchange ("PSE") that the Arbitral Tribunal Court had ruled in favour of PCSO. PGMC has filed a petition with the Makati Regional Trial Court to appeal on all aspects of the Final Award issued by the Arbitral Tribunal Court. The appeal process is still on-going. In spite of the above, on 28 September 2018, BPI announced the execution of a Supplemental Equipment Lease Agreement ("ELA") between PGMC and PCSO for an extension of the ELA for a period of one (1) year to August 2019.

B9 The Board has declared a second interim dividend of 4 sen per share (previous year corresponding quarter ended 31 October 2017 : second interim dividend of 4 sen per share) in respect of the financial year ending 30 April 2019 and payable on 12 February 2019. The entitlement date has been fixed on 18 January 2019.

The first interim dividend of 4 sen per share was paid on 23 October 2018. This will bring the total dividend distribution per share in respect of financial year ending 30 April 2019 to 8 sen per share (previous year corresponding financial period ended 31 October 2017 : 8 sen per share).

Based on the number of ordinary shares in issue and with voting rights as at 13 December 2018 of 1.347 billion, the second interim dividend distribution for the financial year ending 30 April 2019 will amount to RM53.9 million. The total dividend distribution for the financial period ended 31 October 2018 is approximately RM107.8 million, **representing about 73.2% of the attributable profit of the Group for the financial period ended 31 October 2018.**

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED INTERIM (Q2) FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

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 with voting rights as follows:

	Group (3-month period)	
	31-10-18	31-10-17
Profit attributable to owners of the parent (RM'000)	60,290	61,732
Weighted average number of shares with voting rights ('000)	1,347,000	1,347,000
Basic earnings per share (sen)	4.48	4.58

	Group (6-month period)	
	31-10-18	31-10-17
Profit attributable to equity holders of the Company (RM'000)	147,177	136,044
Weighted average number of ordinary shares in issue and fully paid with voting rights ('000)	1,347,000	1,347,417
Basic earnings per share (sen)	10.93	10.10

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 2018 RM'000
Interest income	(4,415)	(9,693)
Dividend income included in investment related income	(612)	(1,338)
Other income excluding dividend and interest income	(430)	(866)
Depreciation of property, plant and equipment	7,725	15,768
Amortisation of intangible assets	116	231
Impairment in value of quoted and unquoted investments	-	-
Foreign exchange (gain)/loss	422	1,221
(Reversal)/provision for and write off of receivables	(190)	(361)
(Reversal)/provision for and write off of inventories	2,179	(505)
Gain on disposal of quoted or unquoted investment or properties	-	-
Gain or loss on derivatives	-	-