

Berjaya Sports Toto Berhad

Company Registration No. : 196901000688 (9109-K)

Date: 22 February 2022

Subject: **UNAUDITED (Q2) INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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BERJAYA SPORTS TOTO BERHAD

Company Registration No. : 196901000688 (9109-K)

**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Group	
	31-12-2021	(Audited) 30-6-2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	368,633	304,305
Right-of-use assets	299,560	324,735
Other investments	92,329	101,840
Investment properties	117,252	117,534
Investment in associated companies	102,293	104,708
Deferred tax assets	27,105	21,824
Retirement benefit assets	9,665	9,927
Intangible assets	702,791	706,742
	1,719,628	1,691,615
Current assets		
Inventories	435,350	325,873
Receivables	494,886	470,966
Contract assets	7,506	7,471
Tax recoverable	3,915	4,108
Deposits, cash and bank balances	365,987	363,755
	1,307,644	1,172,173
Non-current asset classified as held for sale	7,330	7,529
	1,314,974	1,179,702
TOTAL ASSETS	3,034,602	2,871,317
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	135,103	135,103
Reserves	278,122	301,744
Retained earnings	414,908	393,106
Equity funds	828,133	829,953
Less : Treasury shares	(18,631)	(18,631)
Net equity funds	809,502	811,322
Non-controlling interests	63,683	63,783
Total equity	873,185	875,105
Non-current liabilities		
Retirement benefit obligations	473	608
Borrowings	594,317	505,107
Deferred tax liabilities	26,645	28,383
Lease liabilities	212,855	232,991
Contract liabilities	79	162
Other long term liabilities	47,262	52,111
	881,631	819,362
Current liabilities		
Provisions	1,473	2,128
Borrowings	597,922	551,152
Payables	429,006	420,220
Contract liabilities	215,990	169,756
Lease liabilities	28,201	32,078
Tax payable	7,194	1,516
	1,279,786	1,176,850
Total liabilities	2,161,417	1,996,212
TOTAL EQUITY AND LIABILITIES	3,034,602	2,871,317
Net assets per share (RM)	0.60	0.60

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 interim financial report.

BERJAYA SPORTS TOTO BERHAD

Company Registration No. : 196901000688 (9109-K)

UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Current Interim Period			Cumulative Period		
	3-Month 1-10-2021 to 31-12-2021 RM'000	3-Month 1-10-2020 to 31-12-2020 RM'000	+/<-> %	6-Month 1-7-2021 to 31-12-2021 RM'000	6-Month 1-7-2020 to 31-12-2020 RM'000	+/<-> %
Revenue	1,245,371	1,233,940	0.9	2,042,944	2,579,804	(20.8)
Profit from operations	87,275	107,919	(19.1)	85,118	227,417	(62.6)
Investment related income	4,744	6,421	(26.1)	9,514	9,731	(2.2)
Investment related expenses	(212)	70	N/A	(542)	-	100.0
Finance costs	(15,332)	(15,231)	0.7	(30,473)	(30,897)	(1.4)
Share of results of associated companies	3,318	(3,767)	N/A	3,772	(9,392)	N/A
Profit before tax	79,793	95,412	(16.4)	67,389	196,859	(65.8)
Income tax expenses	(24,644)	(29,388)	(16.1)	(27,101)	(61,678)	(56.1)
Profit for the period	55,149	66,024	(16.5)	40,288	135,181	(70.2)
Profit attributable to:						
Owners of the parent	53,261	65,062	(18.1)	35,594	132,916	(73.2)
Non-controlling interests	1,888	962	96.3	4,694	2,265	107.2
	55,149	66,024	(16.5)	40,288	135,181	(70.2)
Earnings per share (sen)						
Attributable to owners of the parent						
- Basic	3.97	4.84		2.65	9.92	
Dividend per share (sen)						
- First interim	-	-		1.0	4.0	
- Second interim	1.0	2.5		1.0	2.5	

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

BERJAYA SPORTS TOTO BERHAD

Company Registration No. : 196901000688 (9109-K)

**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Interim Period			Cumulative Period		
	3-Month 1-10-2021 to 31-12-2021 RM'000	3-Month 1-10-2020 to 31-12-2020 RM'000	+/<-> %	6-Month 1-7-2021 to 31-12-2021 RM'000	6-Month 1-7-2020 to 31-12-2020 RM'000	+/<-> %
Profit for the period	55,149	66,024	(16.5)	40,288	135,181	(70.2)
Other comprehensive items:						
<u>Items that may be subsequently reclassified to profit or loss</u>						
Effects of foreign exchange differences	(4,865)	(12,951)	(62.4)	(29,505)	(17,774)	66.0
Share of associated company's currency translation differences	(333)	186	N/A	(503)	340	N/A
<u>Items that will not be subsequently reclassified to profit or loss</u>						
Net changes in fair value of investments at fair value through other comprehensive income ("FVTOCI")	857	13,271	(93.5)	8,815	9,684	(9.0)
Share of other comprehensive income item of associated companies	-	6	(100.0)	-	(268)	(100.0)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	50,808	66,536	(23.6)	19,095	127,163	(85.0)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the parent	48,901	62,695	(22.0)	17,031	119,773	(85.8)
Non-controlling interests	1,907	3,841	(50.4)	2,064	7,390	(72.1)
	50,808	66,536	(23.6)	19,095	127,163	(85.0)

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

BERJAYA SPORTS TOTO BERHAD

Company Registration No. : 196901000688 (9109-K)

**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the parent						Distributable	Total to owners of parent company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Exchange reserve	FVTOCI reserve	Capital reserve	Consolidation reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2021	135,103	(18,631)	126,660	(50,825)	285,306	(59,397)	393,106	811,322	63,783	875,105
Profit for the period	-	-	-	-	-	-	35,594	35,594	4,694	40,288
Other comprehensive income for the period	-	-	(26,558)	7,995	-	-	-	(18,563)	(2,630)	(21,193)
Effects arising from disposal of investments at FVTOCI	-	-	-	373	-	-	(373)	-	-	-
	-	-	(26,558)	8,368	-	-	35,221	17,031	2,064	19,095
Transaction with owners:										
Distribution of dividends	-	-	-	-	-	-	(13,419)	(13,419)	-	(13,419)
Arising from increase in equity interest in a subsidiary company	-	-	-	-	-	(5,432)	-	(5,432)	(2,164)	(7,596)
	-	-	-	-	-	(5,432)	(13,419)	(18,851)	(2,164)	(21,015)
At 31 December 2021	135,103	(18,631)	100,102	(42,457)	285,306	(64,829)	414,908	809,502	63,683	873,185
At 1 July 2020	135,103	(32,165)	115,834	(52,443)	285,306	(59,397)	345,596	737,834	51,458	789,292
Profit for the period	-	-	-	-	-	-	132,916	132,916	2,265	135,181
Other comprehensive income for the period	-	-	(21,825)	8,919	-	-	(237)	(13,143)	5,125	(8,018)
Effects arising from disposal of investments at FVTOCI	-	-	-	2,361	-	-	(2,361)	-	-	-
	-	-	(21,825)	11,280	-	-	130,318	119,773	7,390	127,163
Transactions with owners:										
Share dividend	-	31,764	-	-	-	-	(31,764)	-	-	-
Distribution of dividends	-	-	-	-	-	-	(53,740)	(53,740)	-	(53,740)
Purchase of treasury shares	-	(15,006)	-	-	-	-	-	(15,006)	-	(15,006)
	-	16,758	-	-	-	-	(85,504)	(68,746)	-	(68,746)
At 31 December 2020	135,103	(15,407)	94,009	(41,163)	285,306	(59,397)	390,410	788,861	58,848	847,709

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

BERJAYA SPORTS TOTO BERHAD

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**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6-Month Financial period ended 31-12-2021 RM'000	6-Month Financial period ended 31-12-2020 RM'000
OPERATING ACTIVITIES		
Receipts from customers	2,215,101	2,731,231
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(2,210,269)	(2,319,479)
Other receipts	5,186	6,425
Net cash generated from operating activities	10,018	418,177
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,248	170
Proceeds from disposal of long term investments	11,705	18,500
Acquisition of property, plant and equipment	(85,701)	(9,982)
Acquisition of investment properties	-	(4,644)
Acquisition of additional equity interest in a subsidiary company	(7,596)	-
Acquisition of additional equity interest in an associated company	(2,848)	-
Payment for right-of-use assets	-	(9,450)
Dividend received	4,768	1,223
Interest received	1,246	3,563
Net repayment to foreign associated companies	(2,708)	(4,330)
Other receipts arising from investments	326	309
Other payments arising from investments	-	(4,198)
Net cash used in investing activities	(79,560)	(8,839)
FINANCING ACTIVITIES		
Drawdown of borrowings	175,779	11,129
Repayment of borrowings	(32,907)	(169,232)
Payment of hire purchase liabilities	(232)	(188)
Payment of lease liabilities	(17,565)	(16,816)
Dividends paid to shareholders of the Company	(20,128)	-
Treasury shares acquired	-	(15,006)
Interest paid	(30,279)	(30,682)
Net cash generated from/(used in) financing activities	74,668	(220,795)
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,126	188,543
CASH & CASH EQUIVALENTS AT 1 JULY	363,624	304,996
Effects of exchange rate changes	(2,894)	(279)
CASH & CASH EQUIVALENTS AT 31 DECEMBER	365,856	493,260
	Financial period ended 31-12-2021 RM'000	Financial period ended 31-12-2020 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	114,749	106,965
Deposits with financial institutions	251,238	389,136
	365,987	496,101
Excluding : Cash and cash equivalents restricted for use	(131)	(2,841)
	365,856	493,260

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**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
NOTES TO THE INTERIM FINANCIAL REPORT**

- A1 The condensed consolidated interim 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 June 2021. 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 June 2021.

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 June 2021. The Group has neither early adopted nor applied any new MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs that are issued but not yet effective for the Group's accounting period beginning 1 July 2021 except for Amendments to MFRS 16 Leases (COVID-19 Related Rent Concessions beyond 30 June 2021) as disclosed in the audited financial statements of the Group for the financial year ended 30 June 2021.

The adoption of newly effective MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs are not expected to have material impacts to the financial statements of the Group upon their initial application.

- 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 financial period ended 31 December 2021 except for the financial impact arising from the Coronavirus ("Covid-19") pandemic as disclosed in Notes B1 and B2.

There were no changes in estimates reported in the prior financial year that had a material effect in the current financial period ended 31 December 2021.

- A4 The cumulative shares bought back are being held as treasury shares with none of the shares being cancelled or resold during the financial period ended 31 December 2021.

The number of treasury shares held in hand as at 31 December 2021 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 July 2021 / 31 December 2021	2.04	9,130,072	18,631

As at 31 December 2021, the number of outstanding shares in issue with voting rights was 1,341,900,000 ordinary shares (31 December 2020 : 1,343,500,000 ordinary shares).

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**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
NOTES TO THE INTERIM FINANCIAL REPORT**

A5 During the current period ended 31 December 2021 and up to the date of this report, the Company distributed and paid the following dividends:

- (a) third interim dividend on 16 July 2021, in respect of financial year ended 30 June 2021, of 1.5 sen per share on 1,341,900,000 ordinary shares with voting rights amounting to RM20,128,500.
- (b) first interim dividend on 5 January 2022, in respect of financial year ending 30 June 2022, of 1.0 sen per share on 1,341,900,000 ordinary shares with voting rights amounting to RM13,419,000.

A6 Segmental revenue and results for the current period ended 31 December 2021 were as follows:

REVENUE

	External	Inter- segment	Total
	RM'000	RM'000	RM'000
Toto betting	663,708	-	663,708
Motor dealership	1,346,465	143	1,346,608
Others	32,771	3,202	35,973
Elimination : Intersegment Revenue	-	(3,345)	(3,345)
	<u>2,042,944</u>	<u>-</u>	<u>2,042,944</u>

	Total RM'000
Toto betting	49,968
Motor dealership	45,563
Others	<u>(4,409)</u>
	91,122
Unallocated corporate expenses	<u>(6,004)</u>
Profit from operations	85,118
Interest income	8,737
Investment related income (other than interest income)	777
Investment related expenses	(542)
Finance costs	(30,473)
Share of results of associated companies	<u>3,772</u>
Profit before tax	67,389
Income tax expenses	<u>(27,101)</u>
Profit for the period	<u>40,288</u>

A7 There were no significant events subsequent to the end of this current quarter that have not been reflected in the financial statements for the current quarter under review.

BERJAYA SPORTS TOTO BERHAD

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**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
NOTES TO THE INTERIM FINANCIAL REPORT**

- A8 There were no changes in the composition of the Group for the current period ended 31 December 2021 up to the date of this report including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than as disclosed below:
- (a) On 30 July 2021, H.R. Owen Plc, acquired a further 35% equity interest in its subsidiary company namely H R Owen Insurance Services Limited ("HR Owen Insurance") for a total consideration of £1.35 million (equivalent to approximately RM7.6 million), and its total equity interests in HR Owen Insurance increased from 60% to 95%.
 - (b) Sports Toto Fitness Sdn Bhd, a wholly owned subsidiary company of the Group had ceased operation on 31 July 2021 and became dormant.
- A9 There were no significant changes in contingent liabilities or financial guarantee since the last annual reporting date as at 30 June 2021.
- A10 There were no material changes in capital commitments since the last annual reporting date as at 30 June 2021.

BERJAYA SPORTS TOTO BERHAD

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**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
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 performance of the operations of the core business in the Group are disposable income of the general public, Jackpot cycles, luck factor, illegal gaming operations and the number of draws in the current period whilst auto retailing business is affected by the trend in prestige and specialist cars predominantly in the London area of the United Kingdom ("UK"). The business operation of the Group's principal subsidiary company namely STM Lottery Sdn Bhd (formerly known as Sports Toto Malaysia Sdn Bhd) ("STM Lottery") was adversely impacted by the imposition of total lockdown and subsequently the National Recovery Plan in phases by the Malaysian Government in combating Covid-19 pandemic during the current financial period ended 31 December 2021.

Review of Results for the Current Quarter Vs Same Quarter of Preceding Year

The summary results of the Group are as follows:

	3-Month		+ / <-> %
	1-10-2021 to 31-12-2021 RM'000	1-10-2020 to 31-12-2020 RM'000	
Revenue	<u>1,245,371</u>	<u>1,233,940</u>	0.9
Profit from operations	<u>87,275</u>	<u>107,919</u>	(19.1)
Profit before tax	<u>79,793</u>	<u>95,412</u>	(16.4)

For the current quarter ended 31 December 2021, the Group reported a marginal increase in revenue of 0.9% whilst its pre-tax profit dropped by 16.4%. The Group's marginal growth in revenue was attributed to higher revenue reported by H.R. Owen Plc ("H.R. Owen"), but offset by the drop of revenue in STM Lottery. The drop in pre-tax profit was mainly due to STM Lottery recorded lower pre-tax profit, but the drop was mitigated by higher pre-tax profit contributed by H.R. Owen and share of profits in Group's associated companies in the current quarter as opposed to share of losses in the previous year corresponding quarter.

STM Lottery, the principal subsidiary, registered a decrease in revenue of 13.3% and pre-tax profit of 26.4% as compared to the previous year corresponding quarter. The decrease in revenue was mainly due to softer recovery after it resumed business operations on 14 September 2021 after the nationwide lockdown / National Recovery Plan that was implemented from 1 June to 13 September 2021. The sales volume was subdued by stricter Standard Operating Procedures (SOPs) implemented at the outlets despite higher number of draws conducted in the current quarter under review. The decrease in pre-tax profit was in line with the lower revenue and also compounded with higher prize payout in this current quarter under review.

H.R. Owen registered revenue growth of 18.1% in the current quarter to RM639.5 million from RM541.4 million reported in the previous year corresponding quarter, whilst its pre-tax profit increased by 38.2% to RM15.5 million in the current quarter as compared to RM11.2 million reported in the previous year corresponding quarter. The improved results attained in the current quarter was mainly attributed to the higher sales and better profit margin generated from used car sector, resulted from positive market tailwinds due to continued supply shortage. Its improvement in the financial results was also attributed to the favourable foreign exchange effect of converting Pound Sterling into Ringgit Malaysia in the current quarter under review.

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ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD****B1 For the 6-month Period ended 31 December 2021**

The summary results of the Group are as follows:

	6-Month		+/-<-> %
	1-7-2021 to 31-12-2021 RM'000	1-7-2020 to 31-12-2020 RM'000	
Revenue	<u>2,042,944</u>	<u>2,579,804</u>	(20.8)
Profit from operations	<u>85,118</u>	<u>227,417</u>	(62.6)
Profit before tax	<u>67,389</u>	<u>196,859</u>	(65.8)

For the current 6-month period ended 31 December 2021, the Group reported a drop in revenue and pre-tax profit of 20.8% and 65.8% respectively as compared to the previous year corresponding period ended 31 December 2020. This was mainly due to lower results reported by STM Lottery but partly mitigated by improved results contributed by H.R. Owen.

As compared to the previous year corresponding period, STM Lottery's revenue and pre-tax profit decreased by 50.3% and 76.5% respectively. The substantial drop in revenue was mainly due to the imposition of lockdown by the Malaysian Government from 1 June 2021 to 13 September 2021 with cancellation of thirty seven (37) draws during the current period. It's lower pre-tax profit reported was in line with the lower revenue reported coupled with higher prize payout in the current period under review.

H.R. Owen generated revenue of RM1.35 billion, representing an increase of 11.4% from RM1.21 billion as reported in the previous year corresponding period, whilst it reported an increase in pre-tax profit of 39.1% to RM41.1 million as compared to RM29.5 million in the previous year corresponding period. The improved performance was mainly due to higher sales and better profit margin generated from used car sector resulted from the implementation of marketing strategy and resources invested to capitalise resultant opportunities from continued supply shortage in the used car market. The higher results was also attributable to the favourable foreign exchange effect of converting Pound Sterling into Ringgit Malaysia in the current period under review.

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**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD****B2 Review of 2nd Quarter's Results Vs 1st Quarter Results of financial year ending 30 June 2022**

	3-month		+/-<-> %
	1-10-2021 to 31-12-2021 RM'000	1-7-2021 to 30-9-2021 RM'000	
Revenue	<u>1,245,371</u>	<u>797,573</u>	56.1
Profit/(loss) from operations	<u>87,275</u>	<u>(2,157)</u>	N/A
Profit/(loss) before tax	<u>79,793</u>	<u>(12,404)</u>	N/A

The Group's revenue increased by 56.1% in the current quarter as compared to the preceding quarter, whilst it reported a pre-tax profit of RM79.8 million in the current quarter as opposed to pre-tax loss of RM12.4 million reported in the preceding quarter. The improved results was mainly due to higher revenue and pre-tax profit attained by STM Lottery in the current quarter under review as explained in the ensuing paragraph.

STM Lottery conducted 45 draws in the current quarter under review with full business resumption as compared to 8 draws in the preceding quarter, leading to a revenue increase of 694.2%. It reported a pre-tax profit in the current quarter under review as opposed to a loss before tax incurred in the preceding quarter. The significant profit improvement was in line with revenue contribution from more draws conducted in the current quarter.

H.R. Owen reported a drop in revenue of 9.6% to RM639.5 million from RM707.1 million as reported in the preceding quarter, while pre-tax profit decreased by 39.7% to RM15.5 million from RM25.6 million as reported in the preceding quarter. The decrease in results reported was mainly due to lower sales from the new and used car sectors in the current quarter, being negatively impacted by certain restrictions implemented by the UK government due to the rising Covid-19 cases as well as concerns about the new Omicron variant towards end of the current quarter ended 31 December 2021.

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**UNAUDITED (Q2) INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021
ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD****B3 Future Prospects**

The Malaysian Government has implemented the National Recovery Plan in stages together with commencement of vaccination and booster vaccination for children and adult populations respectively. With the further easing of restrictions by the respective governments of countries where the Group's subsidiary companies have businesses, the business environment is expected to recover gradually although faces risk from the spread of the Covid-19 Omicron variant. The management will remain vigilant and continue to monitor the development of the Covid-19 situation and its impact to the Group's operations and financial results as the world's population is adapting in the new norm of living towards the endemic stage going forward.

The Directors are cautiously optimistic that the Group's businesses will gradually recover with the resilient nature of the NFO business as noted in the past economic crises and turbulent periods. Barring any unforeseen circumstances, the Directors are confident that it will continue its lead in terms of market share in the NFO business for the financial year ending 30 June 2022 in line with the recovery of the NFO industry when the overall economy improves.

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

B5 Taxation

	Current quarter RM'000	Period ended 31 December 2021 RM'000
<u>Based on the results for the current quarter and period</u>		
- Malaysian income tax	21,433	22,174
- Foreign country income tax	4,981	11,604
Deferred tax		
- Origination and reversal of temporary differences	(1,770)	(6,677)
	<u>24,644</u>	<u>27,101</u>

The disproportionate tax charge of the Group for the current quarter and period ended 31 December 2021 was 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 corporate proposals announced but not completed as at the date of this announcement.

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B7 The Group's borrowings as at 31 December 2021 were as follows:

	Foreign currency amount	At end of current period
	'000	RM'000
<u>Long term borrowings (Secured)</u>		
Medium Term Notes - Denominated in Ringgit Malaysia		498,673
Term loan - Denominated in Ringgit Malaysia		5,670
Term loans - Denominated in Philippine Peso	119,167 *	9,743
Term loan - Denominated in Great Britain Pound	14,318 *	80,231
		<u>594,317</u>
<u>Short term borrowings (Secured)</u>		
Medium Term Notes - Denominated in Ringgit Malaysia		299,861
Term loan - Denominated in Ringgit Malaysia		1,890
Term loans - Denominated in Philippine Peso	190,833 *	15,603
Term loan - Denominated in Great Britain Pound	682 *	3,822
Vehicle stocking loans - Denominated in Great Britain Pound	49,387 *	276,746
		<u>597,922</u>
Total bank borrowings		<u>1,192,239</u>

* Converted at the respective exchange rates prevailing as at 31 December 2021.

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 dividend of 1.0 sen per share (previous year second quarter ended 31 December 2020 : second interim dividend of 2.5 sen per share) in respect of financial year ending 30 June 2022 and payable on 22 April 2022. The entitlement date has been fixed on 31 March 2022.

Based on 1.34 billion fully paid ordinary shares in issue with voting rights as at 21 February 2022, the second interim dividend distribution for the financial year ending 30 June 2022 will amount to RM13.4 million. The total dividend distribution for the financial period ended 31 December 2021 is approximately RM26.8 million, representing about 75.4% of the attributable profit of the Group for the 6-month period ended 31 December 2021.

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B10 The earnings per share is calculated by dividing profit attributable to owners of the parent of the Company by the weighted average number of ordinary shares with voting rights as follows:

	Group	
	<u>3-month</u> <u>period</u>	<u>3-month</u> <u>period</u>
	1-10-2021 to 31-12-2021	1-10-2020 to 31-12-2020
Profit attributable to owners of the parent (RM'000)	53,261	65,062
Weighted average number of shares with voting rights ('000)	1,341,900	1,343,205
Basic earnings per share (sen)	3.97	4.84

	Group	
	<u>6-month</u> <u>period</u>	<u>6-month</u> <u>period</u>
	1-7-2021 to 31-12-2021	1-7-2020 to 31-12-2020
Profit attributable to owners of the parent (RM'000)	35,594	132,916
Weighted average number of shares with voting rights ('000)	1,341,900	1,340,339
Basic earnings per share (sen)	2.65	9.92

Diluted earnings per share is the same as basic earnings per share as there were no potentially dilutive ordinary shares during the current quarter and period.

B11 Profit before tax is stated after charging/(crediting):

	Current quarter RM'000	Financial period ended 31 December 2021 RM'000
Interest income	(4,259)	(8,737)
Other income excluding dividend and interest income	(3,072)	(9,376)
Depreciation of property, plant and equipment	6,215	13,267
Depreciation of right-of-use assets	9,904	19,292
Amortisation of intangible assets	126	249
Fair value loss of investments at FVTPL	212	542
Foreign exchange loss (net)	179	280
Provision for/(reversal of) write off of receivables	88	(112)
Provision for write down of inventories	6,533	12,083