

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 16 March 2017

Subject: **UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JANUARY 2017**

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UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group	
	31-1-2017	30-4-2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	222,104	217,226
Other investments	76,285	86,394
Investment properties	99,576	99,576
Investment in associated companies	48,163	44,231
Deferred tax assets	33,914	43,484
Intangible assets	777,283	777,803
	1,257,325	1,268,714
Current assets		
Inventories	393,381	467,013
Receivables	483,446	370,474
Tax recoverable	13,437	4,713
Deposits, cash and bank balances	317,118	533,462
	1,207,382	1,375,662
TOTAL ASSETS	2,464,707	2,644,376
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	135,103	135,103
Reserves:		
Available-For-Sale ("AFS") reserve	(13,324)	3,991
Capital reserve	285,306	21,327
Consolidation reserve	(57,822)	-
Exchange reserve	134,714	85,129
Retained earnings	261,022	531,412
	609,896	641,859
Equity funds	744,999	776,962
Less : Treasury shares	(10,061)	(10,061)
Net equity funds	734,938	766,901
Non-controlling interests	38,276	73,956
Total equity	773,214	840,857
Non-current liabilities		
Retirement benefit obligations	2,459	3,385
Borrowings	530,765	695,000
Deferred tax liabilities	4,870	4,907
Other long term liability	981	1,283
	539,075	704,575
Current liabilities		
Provisions	2,463	1,418
Borrowings	310,551	135,978
Payables	833,775	958,255
Tax payable	5,629	3,293
Total current liabilities	1,152,418	1,098,944
Total liabilities	1,691,493	1,803,519
TOTAL EQUITY AND LIABILITIES	2,464,707	2,644,376
Net assets per share (RM)	0.55	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 (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended			9 months ended		
	31-1-2017 RM'000	31-1-2016 RM'000	Variance %	31-1-2017 RM'000	31-1-2016 RM'000	Variance %
REVENUE	1,367,054	1,323,029	3.3	4,257,469	4,079,083	4.4
PROFIT FROM OPERATIONS	93,620	84,586	10.7	307,852	324,236	(5.1)
Investment related income	5,345	4,055	31.8	16,996	12,604	34.8
Investment related expenses	-	-	-	(8,578)	(1,568)	(447.1)
Finance costs	(12,339)	(12,121)	(1.8)	(37,647)	(35,110)	(7.2)
Share of results of associated companies	(370)	2,150	(117.2)	(584)	6,422	(109.1)
PROFIT BEFORE TAX	86,256	78,670	9.6	278,039	306,584	(9.3)
TAXATION	(36,741)	(20,849)	(76.2)	(103,078)	(98,155)	(5.0)
PROFIT FOR THE PERIOD	49,515	57,821	(14.4)	174,961	208,429	(16.1)
PROFIT ATTRIBUTABLE TO:						
Owners of the parent	47,936	58,353	(17.9)	168,825	201,469	(16.2)
Non-controlling interests	1,579	(532)	396.8	6,136	6,960	(11.8)
	49,515	57,821	(14.4)	174,961	208,429	(16.1)
EARNINGS PER SHARE (SEN)						
-Basic	3.56	4.33		12.52	14.93	
-Diluted	3.56	4.33		12.52	14.93	
DIVIDEND PER SHARE (SEN)						
- First interim	-	-		4.00	2.50	
- First interim - Share dividend	-	-		-	2.50	
- Second interim	-	-		4.00	5.00	
- Third interim	3.00	4.00		3.00	4.00	

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

UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended			9 months ended		
	31-1-2017 RM'000	31-1-2016 RM'000	Variance %	31-1-2017 RM'000	31-1-2016 RM'000	Variance %
PROFIT AFTER TAXATION	49,515	57,821	(14.4)	174,961	208,429	(16.1)
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	(2,602)	(6,521)	60.1	(19,415)	(28,965)	33.0
- Disposal of AFS investments transferred to profit or loss	(163)	-	(100.0)	(163)	1,069	(115.2)
- Effects of foreign exchange differences	32,456	(47,294)	168.6	37,478	57,083	(34.3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	79,206	4,006	1,877.2	192,861	237,616	(18.8)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the parent	79,078	8,488	831.6	201,095	240,786	(16.5)
Non-controlling interests	128	(4,482)	102.9	(8,234)	(3,170)	(159.7)
	79,206	4,006	1,877.2	192,861	237,616	(18.8)

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

UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total to owners of company RM'000	Non-controlling interests RM'000	Total equity RM'000	
	Share capital RM'000	Treasury shares RM'000	Non-distributable			Distributable				
			AFS reserve RM'000	Capital reserve RM'000	Consolidation reserve RM'000	Exchange reserve RM'000				Retained earnings RM'000
At 1 May 2016	135,103	(10,061)	3,991	21,327	-	85,129	531,412	766,901	73,956	840,857
Total comprehensive income for the period	-	-	(17,315)	-	-	49,585	168,825	201,095	(8,234)	192,861
Transactions with owners:										
Transferred from distributable earnings to capital reserve arising from a subsidiary company's bonus issue of shares	-	-	-	263,979	-	-	(263,979)	-	-	-
Arising from increase in equity interest in a subsidiary company	-	-	-	-	(57,822)	-	-	(57,822)	(27,446)	(85,268)
Distribution of dividends	-	-	-	-	-	-	(175,236)	(175,236)	-	(175,236)
	-	-	-	263,979	(57,822)	-	(439,215)	(233,058)	(27,446)	(260,504)
At 31 January 2017	135,103	(10,061)	(13,324)	285,306	(57,822)	134,714	261,022	734,938	38,276	773,214
At 1 May 2015	135,103	(24,712)	15,560	21,327	-	59,800	477,419	684,497	71,070	755,567
Total comprehensive income for the period	-	-	(24,624)	-	-	63,941	201,469	240,786	(3,170)	237,616
	135,103	(24,712)	(9,064)	21,327	-	123,741	678,888	925,283	67,900	993,183
Transactions with owners:										
Distribution of dividends	-	-	-	-	-	-	(168,160)	(168,160)	-	(168,160)
Purchase of treasury shares	-	(18,251)	-	-	-	-	-	(18,251)	-	(18,251)
Distribution of treasury shares as share dividend	-	32,902	-	-	-	-	(32,902)	-	-	-
	-	14,651	-	-	-	-	(201,062)	(186,411)	-	(186,411)
At 31 January 2016	135,103	(10,061)	(9,064)	21,327	-	123,741	477,826	738,872	67,900	806,772

UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 31-1-2017 RM'000	9 months ended 31-1-2016 RM'000
OPERATING ACTIVITIES		
Receipts from customers	4,441,318	4,330,299
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(4,318,899)	(4,162,078)
Other receipts	157	43
Net cash generated from operating activities	122,576	168,264
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	1,513	709
Net proceeds from disposal of long term investments	10,316	1,815
Acquisition of investment in associated company	(10,183)	-
Acquisition of property, plant and equipment	(27,280)	(47,820)
Acquisition/improvement cost of investment properties	-	(2,806)
Acquisition of investments	(14,209)	(1,650)
Acquisition of additional interest in a subsidiary company	(85,268)	-
Acquisition of investments in a subsidiary company	-	(12,351)
Dividend received	916	1,189
Interest received	9,671	8,303
Other receipts arising from investments	872	321
Other payments from investing activities	(22,063)	(60,396)
Net cash used in investing activities	(135,715)	(112,686)
FINANCING ACTIVITIES		
Drawdown of borrowings	127,861	279,655
Repayment of borrowings	(117,524)	(204,355)
Payment of hire purchase liabilities	(495)	(434)
Treasury shares acquired	-	(18,251)
Dividends paid to shareholders of the Company	(175,418)	(101,743)
Dividends paid to non-controlling interests of a subsidiary company	-	(60)
Interest paid	(44,931)	(43,229)
Net cash used in financing activities	(210,507)	(88,417)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(223,646)	(32,839)
CASH & CASH EQUIVALENTS AT 1 MAY	530,453	427,299
Effects of exchange rate changes	7,357	13,237
CASH & CASH EQUIVALENTS AT 31 JANUARY	314,164	407,697

	9 months ended 31-1-2017 RM'000	9 months ended 31-1-2016 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	112,181	113,303
Deposits with financial institutions	204,937	297,559
	317,118	410,862
Less : Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(2,954)	(3,165)
	314,164	407,697

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

UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017
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 (that became effective 31 January 2017) 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 (a) 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 period ended 31 January 2017 other than as disclosed below:

(i) Transfer of distributable retained earnings to capital reserve arising from a foreign subsidiary company's bonus issue of shares as disclosed in the consolidated statement of changes in equity; and

(ii) Recognised directly in statement of profit or loss:

Included under investment related expenses

	Current Quarter RM'000	Financial period ended 31 January 2017 RM'000
Loss on deemed partial disposal arising from dilution of equity interest in an associated company as disclosed in A8 (ii)	-	<u>8,578</u>

(b) There were no changes in estimates reported in the prior financial year that had a material effect in the current period ended 31 January 2017.

- A4 The cumulative shares bought back are being held as treasury shares with none of the shares being cancelled or resold during the third quarter ended 31 January 2017.

The number of treasury shares held in hand as at 31 January 2017 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 31 January 2017	3.29	3,057,772	10,061

As at 31 January 2017, the number of outstanding shares in issue and fully paid with voting rights was 1,347,972,300 ordinary shares (31 January 2016 : 1,347,972,300 ordinary shares).

- A5 During the financial period ended 31 January 2017, the Company paid the following dividends:
- (i) 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;
 - (ii) First interim single tier dividend on 18 October 2016, in respect of financial year ending 30 April 2017, of 4 sen per share on 1,347,972,300 ordinary shares with voting rights amounting to RM53,919,000; and
 - (iii) Second interim single tier dividend on 25 January 2017, in respect of financial year ending 30 April 2017, of 4 sen per share on 1,347,972,300 ordinary shares with voting rights amounting to RM53,919,000.
- A6 Segmental revenue and results for the financial period ended 31 January 2017 were as follows:

<u>REVENUE</u>	External	Inter-segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	2,445,412	-	2,445,412
Motor dealership	1,708,022	-	1,708,022
Others	104,035	4,914	108,949
Elimination : Intersegment Revenue	-	(4,914)	(4,914)
Total revenue	4,257,469	-	4,257,469

RESULTS

Toto betting and leasing of lottery equipment	308,654
Motor dealership	18,601
Others	(6,682)
	320,573
Unallocated corporate expenses	(12,721)
Profit from operations	307,852
Finance costs	(37,647)
Interest income	15,917
Investment related income	1,079
Investment related expenses	(8,578)
Share of results of associated companies	(584)
Profit before tax	278,039
Taxation	(103,078)
Profit for the period	174,961

- A7 There were no material subsequent events for the financial period ended 31 January 2017 up to the date of this announcement.
- A8 There were no changes in the composition of the Group for the current quarter and period ended 31 January 2017 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, BPI 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;
 - (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. On 18 August 2016, BPI's equity interest in B. Auto Philippines has further diluted from 33.25% to 25.48% following B.Auto Philippines further enlarged its issued and paid up share capital from Peso220.0 million to Peso287.1 million through additional new placement of shares. Subsequently on 15 September 2016, B.Auto Philippines issued stock dividend amounting to Peso623.0 million to its existing shareholders via issuance of B.Auto Philippines shares and its issued and paid up share capital has further increased to Peso910.1 million while BPI's equity interest in B.Auto Philippines remains unchanged, at 25.48%;
 - (iii) On 5 August 2016, BPI completed the subscription of 40,000 new ordinary shares in Berjaya Pizza Philippines Inc. ("B. Pizza Philippines") for a total consideration of Peso35.0 million (equivalent to RM3.0 million) and the equity interests in B. Pizza Philippines increased from 41.43% to 45.76%;
 - (iv) On 9 December 2016, Berjaya Philippines Inc. ("BPI"), an indirect subsidiary of the Company listed on the Philippine Stock Exchange ("PSE") released an announcement to PSE that it had on 8 December 2016 executed a Share Sale Agreement to purchase from Bentley Motors Limited 6,589,934 shares of H.R. Owen Plc ("H.R. Owen"), an existing subsidiary company of BPI for a total consideration of £14.8 million (equivalent to RM85.3 million), or £2.25 per share ("Share Purchase"). The Share Purchase was completed in the current quarter ended 31 January 2017 and BPI's equity interests in H.R. Owen had increased from 72.03% to 98.38%; and
 - (v) H.R. Owen, a direct subsidiary company of BPI, acquired 60 ordinary shares of GBP1.00 each, representing 60% equity interest in H R Owen Insurance Services Limited ("HRO Insurance Services") for a total consideration of GBP60 (equivalent to RM330) during the financial period ended 31 January 2017. HRO Insurance Services, incorporated in the United Kingdom, is a private company limited by shares. The principal activities are providing services as insurance agents and brokers.
- A9 There were no 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 (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017
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.

Review of Results for the quarter

As compared to the previous year corresponding quarter ended 31 January 2016, the Group recorded an increase in revenue of 3.3% mainly attributed to higher revenue contributed by H.R. Owen Plc ("H.R. Owen") and Sports Toto Malaysia Sdn Bhd ("Sports Toto") as explained in the ensuing paragraph. The Group recorded an increase in pre-tax profit of 9.6% mainly attributed to results of H.R. Owen but partially set off by lower results reported by Sports Toto in the current quarter under review.

The revenue of Sports Toto, the principal subsidiary, is presented net of gaming tax and Goods and Services Tax ("GST") on gaming supply. Sports Toto registered a marginal increase in revenue of 0.3% as compared to the previous year corresponding quarter. In the current quarter, Sports Toto made an additional GST adjustment of RM15.6 million against its revenue pursuant to a notification from the Royal Malaysian Customs Department ("RMCD") due to different interpretation on the Value of Gaming Supply under the Goods and Services Tax Act 2014 ("GST Act"). Sports Toto had submitted a review application to the Director General in February 2017 for a review of the RMCD's decision. Excluding the GST adjustment, the increase in revenue would have been 2.2%. The current quarter's revenue benefited from seasonally higher sales during Chinese New Year festive period, strong sales from high jackpot in the 4D jackpot game as well as higher number of draws. However, the pre-tax profit was lower by 7.8% as compared to previous year corresponding quarter, mainly due to the aforesaid GST adjustment and higher operating expenses but partly mitigated by lower prize payout in the current quarter under review.

As compared to the previous year corresponding quarter, Philippine Gaming Management Corporation ("PGMC") registered a drop in revenue and pre-tax profit of 2.6% and 0.2% respectively. This was mainly due to lower lease rental income earned as a result of lower sales reported by the Philippine Charity Sweepstakes Office ("PCSO") in the current quarter under review.

H.R. Owen registered an increase in revenue to RM494.4 million from RM456.1 million in the previous year corresponding quarter. It reported a lower pre-tax loss of RM1.6 million as compared to pre-tax loss of RM6.3 million reported in the previous year corresponding quarter. The improved results was mainly attributed to certain new model cars that had contributed to higher sales during the current quarter under review. However, the aforesaid positive results was partly set off by unfavourable foreign exchange effect in the conversion to Ringgit Malaysia (the reporting currency of the Berjaya Sports Toto Berhad's Group) in the current quarter under review.

For the 9-month period

For the 9-month period under review, the Group reported higher revenue of 4.4% whilst pre-tax profit dropped by 9.3% as compared to the previous year corresponding period. The increase in revenue in the current period was mainly attributed to the higher revenue reported by H.R. Owen and the recognition of substantial project contract sales for International Lottery & Totalizator Systems, Inc. ("ILTS"). The drop in pre-tax profit was mainly due to the results of Sports Toto and PGMC as explained in the ensuing paragraphs coupled with higher investment related expenses incurred as disclosed in Note A3 but was mitigated by improved results reported by ILTS and H.R. Owen in the current period under review.

As compared to the previous year corresponding period, Sports Toto reported a drop in revenue of 0.9%. Excluding the aforesaid GST adjustment, the decrease in revenue would have been 0.3%. Pre-tax profit decreased by 8.5% as compared to the previous year corresponding period mainly due to the aforesaid GST adjustment and higher operating expenses incurred but partly mitigated by lower prize payout in the current period under review.

PGMC reported lower revenue and pre-tax profit of 3.8% and 6.9% respectively as compared to previous year corresponding period. This was mainly due to lower lease rental income earned resulted from lower sales reported by PCSO in the current period under review.

H.R. Owen (in its functional currency, Great Britain Pound), registered an increase in revenue and pre-tax profit as compared to previous year corresponding period mainly due to higher revenue boosted by higher sales volume of new cars coupled with certain new models available for sale during the current period under review. The improved performance of H.R. Owen was partly offset by the unfavourable foreign exchange effect in the conversion into Ringgit Malaysia in the current period. During the period under review, it reported an increase in revenue to RM1.71 billion from RM1.55 billion and pre-tax profit increased to RM10.4 million from RM6.5 million.

B2 Review of 3rd Quarter's Results Vs 2nd Quarter's Results of financial year ending 30 April 2017

As compared to the preceding quarter ended 31 October 2016, the Group recorded a decrease in revenue of 6.0% mainly due to lower revenue reported by H.R. Owen in the current quarter coupled with the preceding quarter which had a higher revenue contribution by ILTS upon its recognition of substantial project contract sales. However, the drop in revenue was partly mitigated by higher revenue recorded by Sports Toto and PGMC in the current quarter under review. The Group registered a decrease in pre-tax profit of 9.6% mainly due to lower results reported by H.R. Owen and ILTS in the current quarter.

In spite of the aforesaid GST adjustment of RM15.6 million on revenue, Sports Toto registered an increase in revenue of 7.3% mainly attributed to the seasonally higher sales during Chinese New Year festive period as well as the higher number of draws in the current quarter under review. Excluding the GST adjustment, the revenue would have increased by 9.3%. A drop in pre-tax profit of 2.6% was recorded by Sports Toto mainly due to the aforesaid GST adjustment, higher prize payout as well as higher operating expenses incurred in the current quarter under review.

PGMC recorded an increase in revenue and pre-tax profit of 10.7% and 12.0% respectively as compared to the preceding quarter mainly due to higher lease rental income earned as a result of higher sales reported by PCSO.

B2 Review of 3rd Quarter's Results Vs 2nd Quarter's Results of financial year ending 30 April 2017 (Cont'd)

As compared to preceding quarter, H.R. Owen registered a drop in revenue in the current quarter to RM494.4 million from RM587.5 million in the preceding quarter. It reported a pre-tax loss of RM1.6 million in the current quarter as compared to pre-tax profit of RM5.1 million in the preceding quarter. The above results was mainly due to decrease in both new and used cars sales volume in the current quarter but was partly offset by favourable foreign exchange effect in the conversion to Ringgit Malaysia.

B3 Future Prospects

The intense competition from the illegal gaming activities coupled with rising costs which lead to weaker consumer sentiments continue to post challenges to the businesses of the Group. Hence, the Directors expect the NFO business to be challenging for the remaining quarter of the financial year ending 30 April 2017. 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 January 2017.

B5 Taxation

	Current quarter RM'000	Current period ended 31 January 2017 RM'000
Based on the results for the quarter:		
- Malaysian income tax	24,630	71,489
- Foreign countries income tax	6,600	19,390
- Under provision in prior years	1,073	1,073
Deferred tax:		
- Origination and reversal of temporary differences	4,438	11,126
	36,741	103,078

The effective tax rate on the Group's profit for the quarter and financial period ended 31 January 2017 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 January 2017 were as follows:

<u>Long term borrowings</u>	Foreign currency amount	At end of current quarter RM'000
<u>Secured</u>		
Denominated in	'000	
- Ringgit Malaysia (Medium Term Notes)		490,000
- Great Britain Pound	2,200 *	12,188
- Philippine Peso	320,833 *	28,577
		<u>530,765</u>
<u>Short term borrowings</u>		
<u>Secured</u>		
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		255,000
- Great Britain Pound	4,400 *	24,376
- Philippine Peso	350,000 *	31,175
		<u>310,551</u>
Total bank borrowings		841,316

* Converted at the respective exchange rate prevailing as at 31 January 2017

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 third interim single tier dividend of 3 sen per share (previous year corresponding quarter ended 31 January 2016 : third interim single tier dividend of 4 sen per share) in respect of the financial year ending 30 April 2017 and payable on 28 April 2017. The entitlement date has been fixed on 13 April 2017.

The first interim dividend single tier dividend of 4 sen per share was paid on 18 October 2016, the second interim dividend single tier dividend of 4 sen per share was paid on 25 January 2017. This will bring the total dividend distribution per share in respect of financial year ending 30 April 2017 to 11 sen per share (previous year corresponding financial period ended 31 January 2016 : cash dividend of 11.5 sen per share and share dividend equivalent to 2.5 sen per share).

Based on the number of ordinary shares in issue and with voting rights as at 15 March 2017 of 1.348 billion, the third interim dividend distribution for the financial year ending 30 April 2017 will amount to RM40.4 million. The total dividend distribution for the financial period ended 31 January 2017 is approximately RM148.3 million, **representing about 87.8% of the attributable profit of the Group for the financial period ended 31 January 2017.**

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)	
	31-1-17	31-1-16
Profit attributable to equity holders of the Company (RM'000)	47,936	58,353
Weighted average number of shares with voting rights ('000)	1,347,972	1,348,935
Basic earnings per share (sen)	3.56	4.33
	Group (9-month period)	
	31-1-17	31-1-16
Profit attributable to equity holders of the Company (RM'000)	168,825	201,469
Weighted average number of shares with voting rights ('000)	1,347,972	1,349,009
Basic earnings per share (sen)	12.52	14.93

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 January 2017 RM'000
Interest income	(5,098)	(15,917)
Dividend income included in investment related income	(84)	(916)
Other income excluding dividend and interest income	(358)	(1,182)
Depreciation of property, plant and equipment	8,425	23,079
Impairment in value of available-for-sale quoted and unquoted investments	-	-
Foreign exchange (gain) / loss	(4,109)	8,778
Provision for and write off/(write back) of receivables	(134)	(88)
Provision for and write off/(write back) of inventories	2,379	4,742
Loss on deemed partial disposal arising from dilution of equity interest in an associated company	-	8,578
(Gain)/loss on disposal of quoted or unquoted investment or properties	(163)	(163)
Gain or loss on derivatives	-	-

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

	As at 31-1-17 RM'000	As at 30-4-16 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	484,980	762,916
- unrealised	75,429	49,850
	<u>560,409</u>	<u>812,766</u>
Share of results from associated companies	3,360	3,944
Less: Consolidation adjustments	<u>(302,747)</u>	<u>(285,298)</u>
Total group retained earnings as per consolidated accounts	<u><u>261,022</u></u>	<u><u>531,412</u></u>

cc: Securities Commission