

# **Berjaya Sports Toto Berhad**

(Company no: 9109-K)

Date: 16 March 2018

Subject: **UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JANUARY 2018**

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**UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Group</b>	
	<b>31-1-2018</b>	<b>30-4-2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	195,947	214,658
Other investments	107,994	95,173
Investment properties	112,838	112,935
Investment in associated companies	70,542	66,596
Deferred tax assets	32,127	38,348
Intangible assets	783,238	788,150
	<u>1,302,686</u>	<u>1,315,860</u>
<b>Current assets</b>		
Inventories	422,886	382,909
Receivables	486,293	496,656
Tax recoverable	8,332	22,012
Deposits, cash and bank balances	452,287	387,015
	<u>1,369,798</u>	<u>1,288,592</u>
<b>TOTAL ASSETS</b>	<u>2,672,484</u>	<u>2,604,452</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	135,103	135,103
Exchange reserve	50,039	123,301
Available-For-Sale reserve	1,735	3,759
Other reserves	227,484	227,484
Retained earnings	335,512	288,434
Equity funds	749,873	778,081
Less : Treasury shares	(12,320)	(10,061)
Net equity funds	737,553	768,020
Non-controlling interests	52,995	44,232
<b>Total equity</b>	<u>790,548</u>	<u>812,252</u>
<b>Non-current liabilities</b>		
Retirement benefit obligations	2,559	3,231
Borrowings	532,658	551,974
Deferred tax liabilities	16,266	16,314
Other long term liability	1,238	928
	<u>552,721</u>	<u>572,447</u>
<b>Current liabilities</b>		
Provisions	2,460	2,359
Borrowings	643,236	591,026
Payables	680,310	619,241
Tax payable	3,209	7,127
<b>Total current liabilities</b>	<u>1,329,215</u>	<u>1,219,753</u>
<b>Total liabilities</b>	<u>1,881,936</u>	<u>1,792,200</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,672,484</u>	<u>2,604,452</u>
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 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	3 months ended			9 months ended		
	31-1-2018	31-1-2017	+/<->	31-1-2018	31-1-2017	+/<->
	RM'000	RM'000	%	RM'000	RM'000	%
REVENUE	1,404,303	1,367,054	2.7	4,259,844	4,257,469	0.1
PROFIT FROM OPERATIONS	111,468	93,620	19.1	341,536	307,852	10.9
Investment related income	5,464	5,345	2.2	16,401	16,996	(3.5)
Investment related expenses	(4,253)	-	100.0	(4,953)	(8,578)	(42.3)
Finance costs	(12,970)	(12,339)	5.1	(38,278)	(37,647)	1.7
Share of results of associated companies	(936)	(370)	153.0	(2,334)	(584)	299.7
PROFIT BEFORE TAX	98,773	86,256	14.5	312,372	278,039	12.3
TAXATION	(37,574)	(36,741)	2.3	(110,330)	(103,078)	7.0
PROFIT FOR THE PERIOD	61,199	49,515	23.6	202,042	174,961	15.5
PROFIT ATTRIBUTABLE TO:						
Owners of the parent	59,233	47,936	23.6	195,277	168,825	15.7
Non-controlling interests	1,966	1,579	24.5	6,765	6,136	10.3
	61,199	49,515	23.6	202,042	174,961	15.5
EARNINGS PER SHARE (SEN)						
-Basic	4.40	3.56		14.49	12.52	
-Diluted	4.40	3.56		14.49	12.52	
DIVIDEND PER SHARE (SEN)						
- First interim	-	-		4.00	4.00	
- Second interim	-	-		4.00	4.00	
- Third interim	4.00	3.00		4.00	3.00	

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

**UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended			9 months ended		
	31-1-2018 RM'000	31-1-2017 RM'000	+/-<-> %	31-1-2018 RM'000	31-1-2017 RM'000	+/-<-> %
PROFIT AFTER TAXATION	61,199	49,515	23.6	202,042	174,961	15.5
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	(5,020)	(2,602)	92.9	(6,320)	(19,415)	(67.4)
- Transfer to profit or loss due to:						
- Disposal of AFS investments	3,918	(163)	N/A	3,918	(163)	N/A
- Impairment of AFS investments	350	-	100.0	350	-	100.0
- Effects of foreign exchange differences	(44,310)	32,456	N/A	(71,236)	37,478	N/A
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>16,137</b>	<b>79,206</b>	<b>(79.6)</b>	<b>128,754</b>	<b>192,861</b>	<b>(33.2)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>						
Owners of the parent	11,370	79,078	(85.6)	119,991	201,095	(40.3)
Non-controlling interests	4,767	128	3,624.2	8,763	(8,234)	N/A
	<b>16,137</b>	<b>79,206</b>	<b>(79.6)</b>	<b>128,754</b>	<b>192,861</b>	<b>(33.2)</b>

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

**UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the parent									
	Share capital RM'000	Treasury shares RM'000	Exchange reserve RM'000	AFS reserve RM'000	Other reserves		Distributable Retained earnings RM'000	Total to owners of parent company RM'000	Non- controlling interests RM'000	Total equity RM'000
					Capital reserve RM'000	Consolidation reserve RM'000				
<b>At 1 May 2017</b>	135,103	(10,061)	123,301	3,759	285,306	(57,822)	288,434	768,020	44,232	812,252
Profit for the period	-	-	-	-	-	-	195,277	195,277	6,765	202,042
Other comprehensive income for the period	-	-	(73,262)	(2,024)	-	-	-	(75,286)	1,998	(73,288)
	-	-	(73,262)	(2,024)	-	-	195,277	119,991	8,763	128,754
<b>Transaction with owners:</b>										
Distribution of dividends	-	-	-	-	-	-	(148,199)	(148,199)	-	(148,199)
Treasury shares acquired	-	(2,259)	-	-	-	-	-	(2,259)	-	(2,259)
	-	(2,259)	-	-	-	-	(148,199)	(150,458)	-	(150,458)
<b>At 31 January 2018</b>	135,103	(12,320)	50,039	1,735	285,306	(57,822)	335,512	737,553	52,995	790,548
<b>At 1 May 2016</b>	135,103	(10,061)	85,129	3,991	21,327	-	531,412	766,901	73,956	840,857
Profit for the period	-	-	-	-	-	-	168,825	168,825	6,136	174,961
Other comprehensive income for the period	-	-	49,585	(17,315)	-	-	-	32,270	(14,370)	17,900
	-	-	49,585	(17,315)	-	-	168,825	201,095	(8,234)	192,861
<b>Transactions with owners:</b>										
Distribution of dividends	-	-	-	-	-	-	(175,236)	(175,236)	-	(175,236)
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)
	-	-	-	-	263,979	(57,822)	(439,215)	(233,058)	(27,446)	(260,504)
<b>At 31 January 2017</b>	135,103	(10,061)	134,714	(13,324)	285,306	(57,822)	261,022	734,938	38,276	773,214

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

**UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>9 months ended 31-1-2018 RM'000</b>	<b>9 months ended 31-1-2017 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Receipts from customers	4,542,201	4,441,318
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(4,359,948)	(4,318,899)
Other receipts	171	157
<b>Net cash generated from operating activities</b>	<b>182,424</b>	<b>122,576</b>
<b>INVESTING ACTIVITIES</b>		
Net proceeds from disposal of property, plant and equipment	788	1,513
Net proceeds from disposal of long term investments	11,504	10,316
Acquisition of investment in associated companies	(12,575)	(10,183)
Acquisition of property, plant and equipment	(13,836)	(27,280)
Acquisition of investments	(42,157)	(14,209)
Acquisition of additional interest in a subsidiary company	-	(85,268)
Dividend received	1,296	916
Interest received	15,269	9,671
Other receipts arising from investments	398	872
Other payments from investing activities	(5,663)	(22,063)
Withdrawn placements with fund managers (net)	53,415	-
<b>Net cash generated from/(used in) investing activities</b>	<b>8,439</b>	<b>(135,715)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of borrowings	364,852	127,861
Repayment of borrowings	(332,048)	(117,524)
Payment of hire purchase liabilities	(587)	(495)
Treasury shares acquired	(2,259)	-
Dividends paid to shareholders of the Company	(94,748)	(175,418)
Interest paid	(45,507)	(44,931)
<b>Net cash used in financing activities</b>	<b>(110,297)</b>	<b>(210,507)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>80,566</b>	<b>(223,646)</b>
<b>CASH &amp; CASH EQUIVALENTS AT 1 MAY</b>	<b>384,052</b>	<b>530,453</b>
Effects of exchange rate changes	(15,277)	7,357
<b>CASH &amp; CASH EQUIVALENTS AT 31 JANUARY</b>	<b>449,341</b>	<b>314,164</b>
	<b>9 months ended 31-1-2018 RM'000</b>	<b>9 months ended 31-1-2017 RM'000</b>
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	99,588	112,181
Deposits with financial institutions	352,699	204,937
	452,287	317,118
Less : Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(2,946)	(2,954)
	449,341	314,164

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

**UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 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 (that became effective 31 January 2017) and applicable disclosure provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2017. 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 2017.

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 2017.

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 2017.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements of the Group upon their first adoption.

A2 Our business operations are not significantly affected by seasonal or cyclical factors except for our toto betting operations that may be positively impacted by the festive seasons.

A3 There were no other unusual items as a result of their nature, size or incidence that had affected assets, liabilities, equity, net income or cash flows for the quarter ended 31 January 2018.

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

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 2018.

The details of the share buy-back are as follows:

Month	Price per share (RM)			Number of shares	Total consideration RM'000
	Lowest	Highest	Average		
July 2017	2.32	2.32	2.32	972,300	2,259
<b>TOTAL</b>				<b>972,300</b>	<b>2,259</b>

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

	Average price per share (RM)	Number of shares	Amount RM'000
Total treasury shares as at 1 May 2017	3.29	3,057,772	10,061
Increase in treasury shares	2.32	972,300	2,259
Total treasury shares as at 31 January 2018	3.06	4,030,072	12,320

As at 31 January 2018, the number of outstanding shares in issue with voting rights was 1,347,000,000 ordinary shares (31 January 2017 : 1,347,972,300 ordinary shares).

A5 During the financial period ended 31 January 2018, the Company paid the following dividends:

- (i) Fourth interim single tier dividend on 9 August 2017, in respect of financial year ended 30 April 2017, of 3 sen per share on 1,347,972,300 ordinary shares with voting rights amounting to RM40,439,000;
- (ii) First interim single tier dividend on 24 October 2017, in respect of financial year ending 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) Second interim single tier dividend on 13 February 2018, in respect of financial year ending 30 April 2018, 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 January 2018 were as follows:

<u>REVENUE</u>	External RM'000	Inter- segment RM'000	Total RM'000
Toto betting and leasing of lottery equipment	2,432,199	-	2,432,199
Motor dealership	1,773,663	884	1,774,547
Others	53,982	9,502	63,484
Elimination : Intersegment Revenue	-	(10,386)	(10,386)
Total revenue	<u>4,259,844</u>	<u>-</u>	<u>4,259,844</u>

RESULTS

Toto betting and leasing of lottery equipment	335,556
Motor dealership	31,355
Others	(13,378)
	<u>353,533</u>
Unallocated corporate expenses	(11,997)
Profit from operations	341,536
Finance costs	(38,278)
Interest income	15,105
Investment related income	1,296
Investment related expenses	(4,953)
Share of results of associated companies	(2,334)
Profit before tax	<u>312,372</u>
Taxation	(110,330)
Profit for the period	<u><u>202,042</u></u>



- A7 There were no material subsequent events for the financial period ended 31 January 2018 up to the date of this announcement other than those disclosed in note B8.
- A8 There were no changes in the composition of the Group for the financial period ended 31 January 2018 up to the date of this announcement including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than as disclosed below:
- (i) On 28 June 2017, the Company announced that an indirect subsidiary owned by its 88.26%-owned Philippine listed subsidiary, Berjaya Philippines Inc., namely H.R. Owen Finance Limited ("HROF") has been dissolved on 27 June 2017. HROF, a private limited company registered in England and Wales, was a dormant company;
  - (ii) On 10 August 2017, the Company announced that its indirect 98.38%-owned subsidiary company, H.R. Owen Plc., has incorporated a wholly-owned subsidiary company in England and Wales known as EDOC Holdings Limited ("EDOC") with subscription of 1 ordinary share for consideration of GBP1.00. The intended principal activity of EDOC is investment holding. Subsequently on 30 August 2017, EDOC acquired and subscribed a total of 2,743,161 ordinary shares representing 20.15% equity interest in VIDEODOC Ltd ("VideoDoc") for a total cash consideration of GBP1.85 million (equivalent to RM10.3 million). VideoDoc is a private limited company registered in England and Wales and the principal activities are providing general and specialists medical practice services; and
  - (iii) On 24 November 2017, the Company announced that its wholly-owned subsidiary company, International Lottery & Totalizator Systems, Inc. had on 21 November 2017 incorporated a wholly-owned subsidiary in Vietnam namely ILTS Vietnam Company Limited ("ILTS VN"). The intended principal activity of ILTS VN is the provision of lottery technical support services in Vietnam.
  - (iv) On 5 January 2018, the Group acquired 25,561,453 ordinary shares of Php1.00 each, representing 2.8% equity interest in Bermaz Auto Philippines Inc. ("B. Auto") for a total cash consideration of Php25.56 million (equivalent to approximately RM1.9 million). Consequently, the Group's equity interest in B. Auto has increased from 25.48% to 28.28%.
- A9 There were no significant changes in contingent liabilities or financial guarantee since the last annual reporting date as at 30 April 2017.
- A10 There were no material changes in capital commitments since the last annual reporting date as at 30 April 2017.

**UNAUDITED QUARTERLY (Q3) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 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			9 months ended		
	31-1-2018 RM'000	31-1-2017 RM'000	+/<-> %	31-1-2018 RM'000	31-1-2017 RM'000	+/<-> %
Revenue	1,404,303	1,367,054	2.7	4,259,844	4,257,469	0.1
Profit from operations	111,468	93,620	19.1	341,536	307,852	10.9
Profit before tax	98,773	86,256	14.5	312,372	278,039	12.3

Review of Results for the quarter

As compared to the previous year corresponding quarter ended 31 January 2017, the Group registered an increase in revenue and pre-tax profit of 2.7% and 14.5% respectively. The increase in revenue was mainly attributed to higher revenue reported by H.R. Owen Plc ("H.R. Owen") but partly offset by lower revenue from Sports Toto Malaysia Sdn Bhd ("Sports Toto") and Philippine Gaming Management Corporation ("PGMC"). The increase in pre-tax profit for the current quarter was mainly attributed to improved results registered by Sports Toto and H.R. Owen.

Sports Toto, the principal subsidiary, recorded a drop in revenue of 3.3% as compared to the previous year corresponding quarter. The drop in revenue was mainly due to the previous year corresponding quarter which benefitted from the seasonally higher sales during the Chinese New Year festive period in January 2017 as well as having had higher number of draws. In spite of the drop in revenue, it registered an increase in pre-tax profit of 19.6% mainly attributed to lower prize payout in the current quarter coupled with higher operating expenses incurred in the previous year corresponding quarter.

PGMC (in its functional currency, Philippine Peso), recorded an increase in revenue as compared to the previous year corresponding quarter mainly attributed to higher lease rental income earned as a result of higher sales reported by the Philippine Charity Sweepstakes Office ("PCSO"). It reported a drop in pre-tax profit mainly due to higher operating expenses incurred in the current quarter under review. However, the aforesaid results was partly set off by unfavourable foreign exchange effect in conversion to Ringgit Malaysia (reporting currency of the Berjaya Sports Toto Berhad's Group) in the current quarter under review, registering a drop in revenue and pre-tax profit of 6.1% and 13.5% respectively.

B1 H.R. Owen registered a revenue growth of 14.0% as compared to the previous year corresponding quarter. It reported a pre-tax profit of RM10.1 million as compared to a pre-tax loss of RM1.6 million in the previous year corresponding quarter. The improved results reported by H.R. Owen was mainly attributed to higher revenue achieved from new and used car sales coupled with improved profit margin earned from certain used car sales which in turn contributed to the pre-tax profit attained in the current quarter.

For the 9-month period

For the 9-month period under review, the Group's revenue was on par with last year same period while pre-tax profit increased by 12.3% as compared to the corresponding period. The improved pre-tax profit was mainly attributed to the improved results reported by Sports Toto and H.R. Owen but partly offset by lower results reported by PGMC as explained in the ensuing paragraphs.

As compared to the previous year corresponding period, Sports Toto recorded a decrease in revenue of 0.6% mainly due to lower number of draws in the current period under review. In spite of the drop in revenue, pre-tax profit increased by 13.4% mainly due to lower prize payout in the current period under review. In addition, the increase in pre-tax profit for the current period was also attributable to the GST adjustment made in last year corresponding period due to different interpretation on the Value of Gaming Supply as well as higher operating expenses incurred.

PGMC (in its functional currency, Philippine Peso), recorded an increase in revenue as compared to the previous year corresponding period mainly attributed to higher lease rental income earned as a result of higher sales reported by PCSO whilst pre-tax profit decreased mainly due to higher operating expenses incurred in the current period. However, the aforesaid results was partly offset by unfavourable foreign exchange effect in conversion to Ringgit Malaysia in the current period under review, registering a drop in revenue and pre-tax profit of 0.3% and 12.7% respectively.

H.R. Owen registered an increase in revenue of 3.9% as compared to the previous year corresponding period. It reported an increase in pre-tax profit to RM21.5 million from RM10.4 million reported in the previous year corresponding period. The improved results was mainly contributed by improved performance attained from used car sales sector in the current period under review.

B2 Review of 3rd Quarter's Results Vs 2nd Quarter's Results of financial year ending 30 April 2018

	<b>3 months ended</b>		<b>+/&lt;-&gt;</b>
	<b>31-1-2018</b>	<b>31-10-2017</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	1,404,303	1,383,712	1.5
Profit from operations	111,468	104,352	6.8
Profit before tax	98,773	96,082	2.8

As compared to the preceding quarter ended 31 October 2017, the Group registered an increase in revenue and pre-tax profit of 1.5% and 2.8% respectively. This was mainly due to the improved results registered by H.R. Owen but partly offset by lower results reported by Sports Toto and PGMC as explained in the ensuing paragraphs in the current quarter under review.

B2 Sports Toto recorded a drop in revenue and pre-tax profit of 0.4% and 3.0% respectively as compared to the preceding quarter. The decrease in revenue was mainly due to the strong sales from highest ever jackpot in the Grand 6/63 Jackpot game during the preceding quarter. The higher percentage decrease in the pre-tax profit was mainly due to higher operating expenses incurred in the current quarter under review.

PGMC recorded a drop in revenue and pre-tax profit of 6.4% and 7.5% respectively as compared to the preceding quarter mainly attributed to lower lease rental income earned from PCSO coupled with the unfavourable foreign exchange effect in conversion to Ringgit Malaysia in the current quarter under review.

H.R. Owen registered an increase in revenue of 4.3% as compared to the preceding quarter and recorded a pre-tax profit of RM10.1 million as compared to a pre-tax loss of RM4.0 million in the preceding quarter. This was due to better performance achieved from new and used cars sales in the current quarter under review as compared to the preceding quarter.

B3 Future Prospects

With the continued rampant illegal gaming activities and weak consumer sentiments, it is expected that our core NFO business undertaken by Sports Toto would be challenging for the remaining quarter of the financial year ending 30 April 2018. Notwithstanding these challenges, the Directors are confident that the Group will continue to maintain its market share in the NFO business for the remaining quarter of the financial year ending 30 April 2018.

B4 There was no profit forecast or profit guarantee given by the Group for the financial period ended 31 January 2018.

B5 Taxation

	Current quarter RM'000	Current period ended 31 January 2018 RM'000
Based on the results for the quarter/period:		
- Malaysian income tax	22,502	85,611
- Foreign countries income tax	5,568	19,790
- Underprovision in prior year	157	161
Deferred tax:		
- Origination and reversal of temporary differences	9,347	4,768
	37,574	110,330

The effective tax rate on the Group's profit for the quarter and financial period ended 31 January 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 January 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)		500,000
- Philippine Peso (Term loan)	300,000 *	22,737
- Great Britain Pound (Term loan)	1,800 *	9,921
		532,658
<u>Short term borrowings</u>		
Secured		
Denominated in		
- Ringgit Malaysia (Medium Term Notes)		300,000
- Philippine Peso (Term loan)	150,000 *	11,368
- Great Britain Pound (Revolving credit)	4,000 *	22,048
- Great Britain Pound (Term loan)	400 *	2,206
- Great Britain Pound (Vehicle stocking loans)	55,807 *	307,614
		643,236
Total bank borrowings		1,175,894

\* Converted at the respective exchange rate prevailing as at 31 January 2018.

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

Philippine Gaming Management Corporation ("PGMC"), an indirect subsidiary of the Company, commenced arbitration proceedings against 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 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 13 August 2015, PGMC and PCSO entered into a supplemental and status quo agreement to maintain the status quo existing as provided for in an interim settlement agreement for a period of three (3) years from 22 August 2015 until 21 August 2018.

On 1 March 2018, the Company announced that its 88.26%-owned subsidiary, Berjaya Philippines Inc. ("BPI"), the immediate holding company of PGMC, which is listed on the Philippine Stock Exchange ("PSE") has on even date released an announcement to PSE that PGMC had received the Final Award issued by the Arbitral Tribunal which ruled that PGMC "does not have an exclusive contractual right to supply an online lottery system for Luzon" because the 1995 Equipment Lease Agreement and the 2004 Amendments to the Equipment Lease Agreement" do not grant such exclusivity in their terms. The Arbitral Tribunal also ordered PGMC to pay all of PCSO's reasonable costs and expenses in the arbitration, which amount to Php53.4 million (equivalent to approximately RM4.1 million), and to reimburse PCSO the amount of USD200,000 (equivalent to approximately RM778,000), which PCSO paid as advance on costs.

- B8 PGMC will appeal all aspects of the Award and argue that more than 10 years of exclusivity as acknowledged by PCSO should prevail in determining the award, and that the compensation structure which accords PGMC with a share of all lottery revenue from Luzon does not permit any third party supplier of lottery equipment to reduce or share in the revenue arising from Luzon that is contractually provided for PGMC.
- B9 The Board has declared a third interim dividend of 4 sen per share (previous year corresponding quarter ended 31 January 2017 : third interim dividend of 3 sen per share) in respect of the financial year ending 30 April 2018 and payable on 3 May 2018. The entitlement date has been fixed on 13 April 2018.

The first interim dividend of 4 sen per share was paid on 24 October 2017, the second interim dividend of 4 sen was paid on 13 February 2018. This will bring the total dividend distribution per share in respect of financial year ending 30 April 2018 to 12 sen per share (previous year corresponding financial period ended 31 January 2017 : 11 sen per share).

Based on the number of ordinary shares in issue and with voting rights as at 17 December 2017 of 1.347 billion, the third interim dividend distribution for the financial year ending 30 April 2018 will amount to RM53.9 million. The total dividend distribution for the financial period ended 31 January 2018 is approximately RM161.7 million, **representing about 82.8% of the attributable profit of the Group for the financial period ended 31 January 2018.**

- 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)	
	31-1-18	31-1-17
Profit attributable to equity holders of the Company (RM'000)	59,233	47,936
Weighted average number of shares with voting rights ('000)	1,347,000	1,347,972
Basic earnings per share (sen)	4.40	3.56
	Group (9-month period)	
	31-1-18	31-1-17
Profit attributable to equity holders of the Company (RM'000)	195,277	168,825
Weighted average number of shares with voting rights ('000)	1,347,278	1,347,972
Basic earnings per share (sen)	14.49	12.52

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 2018 RM'000
Interest income	(5,078)	(15,105)
Dividend income included in investment related income	(386)	(1,296)
Other income excluding dividend and interest income	(166)	(775)
Depreciation of property, plant and equipment	8,085	24,273
Impairment in value of available-for-sale quoted and unquoted investments	335	1,035
Foreign exchange (gain) / loss	(1,234)	(4,763)
Provision for and write off/(write back) of receivables	(47)	(109)
Provision for and write off/(write back) of inventories	1,358	(511)
Loss on disposal of quoted or unquoted investment or properties	3,918	3,918
Gain or loss on derivatives	-	-
	<u>          </u>	<u>          </u>

cc: Securities Commission