Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 19 September 2018

Subject: **UNAUDITED QUARTERLY INTERIM (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018**

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

UNAUDITED INTERIM (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group	
	31-7-2018	**30-4-2018**
	RM'000	**RM'000**
ASSETS		
Non-current assets		
Property, plant and equipment	172,579	183,036
Other investments	111,329	104,912
Investment properties	136,149	136,719
Investment in associated companies	73,592	83,133
Retirement benefit assets	3,450	3,506
Deferred tax assets	28,905	30,913
Intangible assets	767,042	768,916
	1,293,046	1,311,135
Current assets		
Inventories	427,893	406,768
Receivables	440,418	489,161
Tax recoverable	142	5,814
Deposits, cash and bank balances	464,568	418,179
	1,333,021	1,319,922
TOTAL ASSETS	2,626,067	2,631,057
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	135,103	135,103
Exchange reserve	56,022	49,227
Fair value reserve	(24,510)	-
Available-For-Sale reserve	-	12,264
Other reserves	228,583	228,583
Retained earnings	402,244	318,449
Equity funds	797,442	743,626
Less : Treasury shares	(12,320)	(12,320)
Net equity funds	785,122	731,306
Non-controlling interests	55,108	55,091
Total equity	840,230	786,397
Non-current liabilities		
Retirement benefit obligations	1,860	1,774
Borrowings	127,226	530,415
Deferred tax liabilities	16,420	16,687
Other long term liabilities	7,207	7,317
	152,713	556,193
Current liabilities		
Provisions	1,718	2,593
Borrowings	958,649	626,256
Payables	645,695	651,915
Tax payable	27,062	7,703
Total current liabilities	1,633,124	1,288,467
Total liabilities	1,785,837	1,844,660
TOTAL EQUITY AND LIABILITIES	2,626,067	2,631,057
Net assets per share (RM)	0.58	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 (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended		
	31-7-2018	31-7-2017	+/<->
	RM'000	RM'000	%
REVENUE	1,500,830	1,471,829	2.0
PROFIT FROM OPERATIONS	144,172	125,716	14.7
Investment related income	6,004	5,291	13.5
Investment related expenses	-	(9)	(100.0)
Finance costs	(12,695)	(11,698)	8.5
Share of results of associated companies	(4,435)	(1,783)	148.7
PROFIT BEFORE TAX	133,046	117,517	13.2
TAXATION	(42,886)	(39,858)	7.6
PROFIT FOR THE PERIOD	90,160	77,659	16.1
PROFIT ATTRIBUTABLE TO:			
Owners of the parent	86,887	74,312	16.9
Non-controlling interests	3,273	3,347	(2.2)
	90,160	77,659	16.1
EARNINGS PER SHARE (SEN)			
-Basic	6.45	5.51	
DIVIDEND PER SHARE (SEN)			
- First interim	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 (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		
	31-7-2018 RM'000	31-7-2017 RM'000	+/<-> %
PROFIT AFTER TAXATION	90,160	77,659	16.1
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss			
- Changes in fair value of financial assets - other investments	(4,122)	(1,180)	249.3
- Effects of foreign exchange differences	3,873	(10,273)	N/A
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	89,911	66,206	35.8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	89,894	62,659	43.5
Non-controlling interests	17	3,547	(99.5)
	89,911	66,206	35.8

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

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

UNAUDITED INTERIM (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent											
						Other reserves			Distributable			
	Share capital RM'000	Treasury shares RM'000	Exchange reserve RM'000	AFS reserve RM'000	Fair value reserve RM'000	Capital reserve RM'000	Consolidation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total net equity funds RM'000	Non-controlling interests RM'000	Total equity 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	-	-	-	-	-	-	-	-	86,887	86,887	3,273	90,160
Other comprehensive income for the period	-	-	6,795	-	(3,788)	-	-	-	-	3,007	(3,256)	(249)
	-	-	6,795	-	(3,788)	-	-	-	86,887	89,894	17	89,911
Transaction with owners:												
Distribution of dividends	-	-	-	-	-	-	-	-	(53,880)	(53,880)	-	(53,880)
	-	-	-	-	-	-	-	-	(53,880)	(53,880)	-	(53,880)
At 31 July 2018	135,103	(12,320)	56,022	-	(24,510)	285,306	(58,870)	2,147	402,244	785,122	55,108	840,230
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	-	-	-	-	-	-	-	-	74,312	74,312	3,347	77,659
Other comprehensive income for the period	-	-	(10,841)	(812)	-	-	-	-	-	(11,653)	200	(11,453)
	-	-	(10,841)	(812)	-	-	-	-	74,312	62,659	3,547	66,206
Transactions with owners:												
Distribution of dividends	-	-	-	-	-	-	-	-	(40,439)	(40,439)	-	(40,439)
Treasury shares acquired	-	(2,259)	-	-	-	-	-	-	-	(2,259)	-	(2,259)
	-	(2,259)	-	-	-	-	-	-	(40,439)	(42,698)	-	(42,698)
At 31 July 2017	135,103	(12,320)	112,460	2,947	-	285,306	(57,822)	-	322,307	787,981	47,779	835,760

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

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

UNAUDITED INTERIM (Q1) FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31-7-2018 RM'000	3 months ended 31-7-2017 RM'000
OPERATING ACTIVITIES		
Receipts from customers	1,481,858	1,536,375
Payments to prize winners, suppliers, duties, taxes and other operating expenses	(1,359,692)	(1,461,082)
Other receipts	7	131
Net cash generated from operating activities	122,173	75,424
INVESTING ACTIVITIES		
Net proceeds from disposal of property, plant and equipment	10,544	54
Acquisition of investment in associated company	-	(445)
Acquisition of property, plant and equipment	(5,603)	(4,932)
Acquisition of investments	(9,539)	(16,554)
Dividend received	433	175
Interest received	5,053	8,067
Other receipts arising from investments	103	100
Other payments from investing activities	(3,099)	(258)
Withdrawn placements from fund managers	67,572	16,217
Net cash generated from investing activities	65,464	2,424
FINANCING ACTIVITIES		
Treasury shares acquired	-	(2,259)
Issuance of medium term notes	245,000	280,000
Repayment of medium term notes	(300,000)	(255,000)
Repayment of borrowings	(10,775)	(43,025)
Payment of hire purchase liabilities	(187)	(185)
Dividends paid to shareholders of the Company	(53,877)	(436)
Interest paid	(21,368)	(19,699)
Net cash used in financing activities	(141,207)	(40,604)
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,430	37,244
CASH & CASH EQUIVALENTS AT 1 MAY	415,272	384,052
Effects of exchange rate changes	3	81
CASH & CASH EQUIVALENTS AT 31 JULY	461,705	421,377

	3 months ended 31-7-2018 RM'000	3 months ended 31-7-2017 RM'000
Cash and cash equivalents carried forward comprise the following:		
Cash and bank balances	202,587	63,919
Deposits with financial institutions	261,981	360,457
	464,568	424,376
Less : Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(2,863)	(2,999)
	461,705	421,377

The annexed notes form an integral part of this 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 July 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.

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.

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 July 2018.

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

A4 The cumulative shares bought back are being held as treasury shares with none of the shares being cancelled or resold during the first quarter ended 31 July 2018.

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

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

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

A5 During the financial period ended 31 July 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; and

(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.

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

<u>REVENUE</u>	External	Inter-segment	Total
	RM'000	RM'000	RM'000
Toto betting and leasing of lottery equipment	777,965	-	777,965
Motor dealership	698,685	144	698,829
Others	24,180	7,086	31,266
Elimination : Intersegment Revenue	-	(7,230)	(7,230)
Total revenue	1,500,830	-	1,500,830

<u>RESULTS</u>	
Toto betting and leasing of lottery equipment	123,774
Motor dealership	22,769
Others	1,555
	148,098
Unallocated corporate expenses	(3,926)
Profit from operations	144,172
Finance costs	(12,695)
Interest income	5,278
Investment related income	726
Share of results of associated companies	(4,435)
Profit before tax	133,046
Taxation	(42,886)
Profit for the period	90,160

A7 There were no material subsequent events for the financial period ended 31 July 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 current quarter ended 31 July 2018 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

Subsequently 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 GBP296,106. 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.

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		
	31-7-2018 RM'000	31-7-2017 RM'000	+/<-> %
Revenue	1,500,830	1,471,829	2.0
Profit from operations	144,172	125,716	14.7
Profit before tax	133,046	117,517	13.2

Review of Results for the quarter

As compared to the previous year corresponding quarter ended 31 July 2017, the Group registered an increase in revenue of 2.0% mainly attributed to the revenue growth attained by H.R. Owen Plc ("H.R. Owen") as explained in the ensuing paragraph. The Group's pre-tax profit increased by 13.2% mainly due to the improved results from Sports Toto Malaysia Sdn Bhd ("Sports Toto") and H.R. Owen.

Sports Toto registered an increase in revenue and pre-tax profit of 0.2% and 14.0% respectively as compared to the previous year corresponding quarter. The higher increase in pre-tax profit was mainly attributed to the lower prize payout and operating expenses incurred in the current quarter under review.

Philippine Gaming Management Corporation ("PGMC") (in its functional currency, Philippine Peso) recorded a marginal drop in revenue of 0.6% resulted from lower lease rental income earned from the Philippine Charity Sweepstakes Office ("PCSO"), whilst it registered an increase in pre-tax profit of 12.2% mainly due to the effect of higher operating expenses incurred in the previous year corresponding quarter. Upon translation to Ringgit Malaysia, PGMC reported a drop in revenue of 11.3% whilst pre-tax profit only increased marginally by 0.1% as a result of the unfavourable foreign exchange effect during the current quarter under review.

H.R. Owen registered an increase in revenue of 4.2% to RM698.8 million from RM670.7 million in the previous year corresponding quarter whilst pre-tax profit increased by 35.4% to RM20.9 million from RM15.5 million in the previous year corresponding quarter. The improved results reported by H.R. Owen was mainly due to revenue growth attributed to higher new vehicle sales during the current quarter.

B2 Review of 1st Quarter's Results Vs 4th Quarter's Results of preceding financial year

	3 months ended		
	31-7-2018	30-4-2018	+/<->
	RM'000	RM'000	%
Revenue	1,500,830	1,400,743	7.1%
Profit from operations	144,172	88,677	62.6%
Profit before tax	133,046	65,532	103.0%

The Group registered a revenue growth of 7.1% in the current quarter mainly attributed to higher revenue reported by H.R. Owen and PGMC but partly offset by lower revenue reported by Sports Toto as explained in the ensuing paragraph. As compared to the preceding quarter, the Group achieved a substantial increase in pre-tax profit of 103% primarily due to improved results reported by Sports Toto, H.R. Owen and PGMC and also the preceding quarter had incurred higher investment related expenses.

As compared to the preceding quarter ended 30 April 2018, Sports Toto reported a drop in revenue of 5.5% mainly due to the preceding quarter benefitted from the seasonally higher sales during the Chinese New Year festive season. The lower number of draws coupled with the impact from the World Cup season in the current quarter under review also affected the sales in the current quarter. In spite of the above, it registered an increase in pre-tax profit of 44.4% mainly attributed to the lower prize payout and operating expenses in the current quarter under review.

PGMC recorded an increase in revenue and pre-tax profit of 6.9% and 9.4% respectively mainly due to higher lease rental income earned as a result of higher sales reported by PCSO in the current quarter under review.

H.R. Owen registered a growth in both revenue and pre-tax profit as compared to the preceding quarter. Revenue increased by 23% to RM698.8 million from RM567.9 million in the preceding quarter while pre-tax profit improved by 61.1% to RM20.9 million from RM13.0 million as reported in the preceding quarter. The improved results of H.R. Owen was mainly attributed to higher new vehicle sales during the current quarter.

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.

B5 Taxation

	Current quarter ended 31 July 2018 RM'000
Based on the results for the quarter:	
- Malaysian income tax	28,456
- Over provision in prior year	(27)
- Foreign countries income tax	12,290
Deferred tax	
- Origination and reversal of temporary differences	2,167
	42,886

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

	Foreign currency amount '000		At end of current quarter RM'000
Long term borrowings			
Secured			
Denominated in			
- Ringgit Malaysia (Medium Term Notes)			100,000
- Philippine Peso (Term loan)	225,000	*	17,193
- Great Britain Pound (Term loan)	1,877	*	10,033
			127,226
Short term borrowings			
Secured			
Denominated in			
- Ringgit Malaysia (Medium Term Notes)			645,000
- Philippine Peso (Term loan)	150,000	*	11,462
- Great Britain Pound (Term loan)	215	*	1,149
- Great Britain Pound (Vehicle stocking loans)	56,312	*	301,038
			958,649
Total bank borrowings			1,085,875

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

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 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, pending the resolution of the issue on the exclusivity rights through arbitration proceedings.

On 1 March 2018, Berjaya Philippines Inc., the immediate holding company of PGMC, released an announcement to Philippine Stock Exchange 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 Petition is still pending as at the date of this announcement. At the moment, PGMC continues to lease the lottery equipment to PCSO and are currently in negotiation with PCSO to extend the equipment lease agreement.

B9 The Board has declared a first interim dividend of 4 sen per share (previous year corresponding quarter ended 31 July 2017 : first interim dividend of 4 sen per share) in respect of the financial year ending 30 April 2019 and payable on 23 October 2018. The entitlement date has been fixed on 5 October 2018.

Based on the number of ordinary shares in issue and with voting rights as at 19 September 2018 of 1.347 billion, the first interim dividend distribution for the financial year ending 30 April 2019 will amount to RM53.89 million, **representing about 62.01% of the attributable profit of the Group for the first quarter ended 31 July 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)	
	31-7-18	31-7-17
Profit attributable to owners of the parent (RM'000)	86,887	74,312
Weighted average number of shares with voting rights ('000)	1,347,000	1,347,835
Basic earnings per share (sen)	6.45	5.51

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares during the financial period.

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

	Financial period ended 31 July 2018 RM'000
Interest income	(5,278)
Dividend income included in investment related income	(726)
Other income excluding dividend and interest income	(436)
Depreciation of property, plant and equipment	8,043
Amortisation of intangible assets	115
Impairment in value of quoted and unquoted investments	-
Foreign exchange (gain) / loss	799
(Reversal)/provision for and write off of receivables	(171)
(Reversal)/provision for and write off of inventories	(2,684)
Gain on disposal of quoted or unquoted investment or properties	-
Gain or loss on derivatives	-