

Berjaya Sports Toto Berhad

(Company no: 9109-K)

Date: 19 August 2019

Subject: **UNAUDITED 5TH INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2019**

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

UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Group | |
|--|------------------|------------------|
| | 30-6-2019 | 30-4-2018 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 178,261 | 183,036 |
| Other investments | 146,620 | 104,912 |
| Investment properties | 114,230 | 136,719 |
| Investment in associated companies | 75,932 | 83,133 |
| Retirement benefit assets | 3,401 | 3,506 |
| Deferred tax assets | 27,744 | 30,913 |
| Intangible assets | 689,692 | 768,916 |
| | 1,235,880 | 1,311,135 |
| Current assets | | |
| Inventories | 480,318 | 406,768 |
| Receivables | 460,067 | 489,161 |
| Tax recoverable | 46 | 5,814 |
| Deposits, cash and bank balances | 422,412 | 418,179 |
| | 1,362,843 | 1,319,922 |
| Assets of disposal group / Non-current assets classified as assets held for sale | 50,370 | - |
| | 1,413,213 | 1,319,922 |
| TOTAL ASSETS | 2,649,093 | 2,631,057 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 135,103 | 135,103 |
| Exchange reserve | 80,048 | 49,227 |
| Fair value reserve | (32,248) | - |
| Available-For-Sale reserve | - | 12,264 |
| Other reserves | 228,056 | 228,583 |
| Retained earnings | 333,358 | 318,449 |
| Equity funds | 744,317 | 743,626 |
| Less : Treasury shares | (12,320) | (12,320) |
| Net equity funds | 731,997 | 731,306 |
| Non-controlling interests | 54,745 | 55,091 |
| Total equity | 786,742 | 786,397 |
| Non-current liabilities | | |
| Retirement benefit obligations | 412 | 1,774 |
| Borrowings | 754,716 | 530,415 |
| Deferred tax liabilities | 16,136 | 16,687 |
| Other long term liabilities | 2,021 | 7,317 |
| | 773,285 | 556,193 |
| Current liabilities | | |
| Provisions | 1,771 | 2,593 |
| Borrowings | 366,157 | 626,256 |
| Payables | 691,594 | 651,915 |
| Tax payable | 17,451 | 7,703 |
| | 1,076,973 | 1,288,467 |
| Liabilities directly associated with disposal group | 12,093 | - |
| Total current liabilities | 1,089,066 | 1,288,467 |
| Total liabilities | 1,862,351 | 1,844,660 |
| TOTAL EQUITY AND LIABILITIES | 2,649,093 | 2,631,057 |
| Net assets per share (RM) | 0.54 | 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 interim financial report.

UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Current Interim Period | | Cumulative Period | |
|--|---|---|--|--|
| | 2-Month 1-5-2019 to 30-6-2019 RM'000 | 2-Month * 1-5-2018 to 30-6-2018 RM'000 | 14-Month 1-5-2018 to 30-6-2019 RM'000 | 14-Month * 1-5-2017 to 30-6-2018 RM'000 |
| Revenue | 974,916 | N/A | 6,698,622 | N/A |
| Less: Revenue from discontinued operation | (11,755) | N/A | (113,734) | N/A |
| Revenue from continuing operations | 963,161 | N/A | 6,584,888 | N/A |
| Profit from operations | 56,754 | N/A | 481,099 | N/A |
| Investment related income | 4,269 | N/A | 25,461 | N/A |
| Investment related expenses | (78,431) | N/A | (80,977) | N/A |
| Finance costs | (8,549) | N/A | (59,164) | N/A |
| Share of results of associated companies | (1,500) | N/A | (10,156) | N/A |
| (Loss)/Profit before tax | (27,457) | N/A | 356,263 | N/A |
| Taxation | (16,963) | N/A | (148,900) | N/A |
| (Loss)/Profit for the period from continuing operations | (44,420) | N/A | 207,363 | N/A |
| Discontinued operation | | | | |
| (Loss)/Profit for the period from discontinued operation | (509) | N/A | 32,152 | N/A |
| (Loss)/Profit for the period | (44,929) | N/A | 239,515 | N/A |
| (Loss)/Profit attributable to: | | | | |
| Owners of the parent | | | | |
| - from continuing operations | (40,929) | N/A | 206,668 | N/A |
| - from discontinued operation | (449) | N/A | 28,377 | N/A |
| | (41,378) | N/A | 235,045 | N/A |
| Non-controlling interests | (3,551) | N/A | 4,470 | N/A |
| | (44,929) | N/A | 239,515 | N/A |
| (Loss)/Earnings per share (sen) - Basic | | | | |
| - From continuing operations | (3.04) | N/A | 15.34 | N/A |
| - From discontinued operation | (0.03) | N/A | 2.11 | N/A |
| - Basic, for the period | (3.07) | N/A | 17.45 | N/A |
| Dividend per share (sen) | | | | |
| - First interim | - | N/A | 4.00 | N/A |
| - Second interim | - | N/A | 4.00 | N/A |
| - Third interim | - | N/A | 3.50 | N/A |
| - Fourth interim | - | N/A | 4.50 | N/A |

* There are no comparative figures disclosed for the current interim period and the cumulative period following the change in the financial year end from 30 April to 30 June.

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

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

**UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| | Current Interim Period | | Cumulative Period | |
|---|---|---|--|--|
| | 2-Month 1-5-2019 to 30-6-2019 RM'000 | 2-Month * 1-5-2018 to 30-6-2018 RM'000 | 14-Month 1-5-2018 to 30-6-2019 RM'000 | 14-Month * 1-5-2017 to 30-6-2018 RM'000 |
| (Loss)/Profit for the period | (44,929) | N/A | 239,515 | N/A |
| Other comprehensive income: | | | | |
| <u>Item that may be subsequently reclassified to profit or loss</u> | | | | |
| Effects of foreign exchange differences | 5,630 | N/A | 28,281 | N/A |
| <u>Items that will not be subsequently reclassified to profit or loss</u> | | | | |
| Actuarial loss recognised in defined benefit pension scheme | (357) | N/A | (357) | N/A |
| Net changes in fair value of investments at fair value through other comprehensive income ("FVOCI") | (6,357) | N/A | (13,948) | N/A |
| TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD | (46,013) | N/A | 253,491 | N/A |
| TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the parent | (41,750) | N/A | 252,816 | N/A |
| Non-controlling interests | (4,263) | N/A | 675 | N/A |
| | (46,013) | N/A | 253,491 | N/A |

* There are no comparative figures disclosed for the current interim period and the cumulative period following the change in the financial year end from 30 April to 30 June.

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

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the parent | | | | | | | | | | | |
|--|--------------------------------------|-----------------|------------------|-------------|--------------------|-----------------|-----------------------|---------------------|---------------------------------|-----------------------------------|---------------------------|--------------|
| | Share capital | Treasury shares | Exchange reserve | AFS reserve | Fair value reserve | Other reserves | | | Distributable retained earnings | Total to owners of parent company | Non-controlling interests | Total equity |
| | | | | | | Capital reserve | Consolidation reserve | Revaluation reserve | | | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 May 2018 (as previously reported) | 135,103 | (12,320) | 49,227 | 12,264 | - | 285,306 | (58,870) | 2,147 | 318,449 | 731,306 | 55,091 | 786,397 |
| Effects of adopting MFRS 9 | - | - | - | (12,264) | (20,722) | - | - | - | 32,986 | - | - | - |
| Effects of adopting MFRS 15 | - | - | - | - | - | - | - | - | 17,802 | 17,802 | - | 17,802 |
| At 1 May 2018 (as restated) | 135,103 | (12,320) | 49,227 | - | (20,722) | 285,306 | (58,870) | 2,147 | 369,237 | 749,108 | 55,091 | 804,199 |
| Profit for the period | - | - | - | - | - | - | - | - | 235,045 | 235,045 | 4,470 | 239,515 |
| Other comprehensive income for the period | - | - | 30,821 | - | (12,735) | - | - | - | (315) | 17,771 | (3,795) | 13,976 |
| Effects arising from disposal of investments at FVOCI | - | - | - | - | 1,209 | - | - | - | (1,209) | - | - | - |
| | - | - | 30,821 | - | (11,526) | - | - | - | 233,521 | 252,816 | 675 | 253,491 |
| Transaction with owners: | | | | | | | | | | | | |
| Distribution of dividends | - | - | - | - | - | - | - | - | (269,400) | (269,400) | - | (269,400) |
| Arising from increase in equity interest in a subsidiary company | - | - | - | - | - | - | (527) | - | - | (527) | (1,021) | (1,548) |
| | - | - | - | - | - | - | (527) | - | (269,400) | (269,927) | (1,021) | (270,948) |
| At 30 June 2019 | 135,103 | (12,320) | 80,048 | - | (32,248) | 285,306 | (59,397) | 2,147 | 333,358 | 731,997 | 54,745 | 786,742 |

* There are no comparative figures disclosed for the cumulative period following the change in the financial year end from 30 April to 30 June.

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

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

| | 14-Month Financial period ended 30-6-2019 RM'000 | 14-Month * Financial period ended 30-6-2018 RM'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Receipts from customers | 7,011,074 | N/A |
| Payments to prize winners, suppliers, duties, taxes and other operating expenses | (6,661,728) | N/A |
| Other receipts | 491 | N/A |
| Net cash generated from operating activities | 349,837 | N/A |
| INVESTING ACTIVITIES | | |
| Net proceeds from disposal of property, plant and equipment | 11,245 | N/A |
| Net proceeds from disposal of long term investments | 2,972 | N/A |
| Acquisition of investment in associated companies | (4,539) | N/A |
| Acquisition of investment properties | (2,368) | N/A |
| Acquisition of property, plant and equipment | (43,011) | N/A |
| Acquisition of additional equity interest in a subsidiary company | (1,548) | N/A |
| Acquisition of long term investments | (50,038) | N/A |
| Dividend received | 3,357 | N/A |
| Interest received | 14,647 | N/A |
| Other receipts arising from investments | 572 | N/A |
| Other payments arising from investments | (9,901) | N/A |
| Net withdrawals with fund managers | 86,642 | N/A |
| Net cash generated from investing activities | 8,030 | N/A |
| FINANCING ACTIVITIES | | |
| Drawdown of borrowings | 562,689 | N/A |
| Repayment of borrowings | (573,014) | N/A |
| Movements of vehicle stocking loans | (18,026) | N/A |
| Payment of hire purchase liabilities | (701) | N/A |
| Dividends paid to shareholders of the Company | (262,665) | N/A |
| Interest paid | (60,439) | N/A |
| Net cash used in financing activities | (352,156) | N/A |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 5,711 | N/A |
| CASH & CASH EQUIVALENTS AT 1 MAY | 415,272 | N/A |
| Effects of exchange rate changes | 8,550 | N/A |
| CASH & CASH EQUIVALENTS AT 30 JUNE | 429,533 | N/A |
| | Financial period ended 30-6-2019 RM'000 | Financial period ended 30-6-2018 RM'000 |
| Cash and cash equivalents carried forward comprise the following: | | |
| Cash and bank balances | 145,573 | N/A |
| Deposits with financial institutions | 276,839 | N/A |
| | 422,412 | N/A |
| Excluding : Cash and cash equivalents restricted for use | (2,834) | N/A |
| | 419,578 | N/A |
| Including : Cash and cash equivalents classified as disposal group | 9,955 | N/A |
| | 429,533 | N/A |

* There are no comparative figures disclosed for the cumulative period following the change in the financial year end from 30 April to 30 June.

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

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019

NOTES TO THE INTERIM FINANCIAL REPORT

A1 The 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 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.

Change in Financial Year End

The Company announced on 3 May 2019 on the change of financial year end of the Company from 30 April to 30 June so as to coincide with the new financial year end of its holding company, Berjaya Land Berhad.

As such, the current set of financial statements with the new financial year end are prepared for period of fourteen (14) months from 1 May 2018 to 30 June 2019. The Group's current interim period (5th interim) for the financial period ended 30 June 2019 was prepared for a 2-month period from 1 May 2019 to 30 June 2019.

Thereafter, the financial year end shall end on 30 June for each subsequent year. The subsequent quarterly financial reporting period for the financial year ending 30 June 2020 are as follows:

Quarters for financial year ending 30 June 2020

1st Quarter - 1 July 2019 to 30 September 2019

2nd Quarter - 1 October 2019 to 31 December 2019

3rd Quarter - 1 January 2020 to 31 March 2020

4th Quarter - 1 April 2020 to 30 June 2020

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. 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 Group's accounting period beginning 1 May 2018.

Unless otherwise described below, the adoption of newly effective 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.

(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.

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

**UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019
NOTES TO THE INTERIM FINANCIAL REPORT**

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

(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 that were recognised through other comprehensive income (which is attributable to the owners of parent) to available-for-sale reserve 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.

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.

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019****NOTES TO THE INTERIM FINANCIAL REPORT**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 superceded the previous revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts 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.

Revenue is recognised at the point in time at which the performance obligation is satisfied. However, revenue may be recognised over time if the entity's performance meet certain criteria.

The Group adopted MFRS 15 using the full retrospective method and has applied the practical expedients available for full retrospective approach.

MFRS 15 affects the recognition of revenue from the wagering 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 was summarised in the table below.

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.

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019****NOTES TO THE INTERIM FINANCIAL REPORT**

- 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 financial period ended 30 June 2019 except as disclosed below:

Statement of Profit or Loss:

Included under investment related expenses:

| | Current 2-Month Period RM'000 | Financial period ended 30 June 2019 RM'000 |
|--|--|---|
| Impairment of goodwill and assets of the disposal group of leasing of lottery equipment business in the Philippines | 78,431 | 78,431 |

- (b) There were no changes in estimates reported in the prior financial year that had a material effect in the current financial period ended 30 June 2019.

- 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 30 June 2019.

The number of treasury shares held in hand as at 30 June 2019 were as follows:

| | Average price per share (RM) | Number of shares | Amount RM'000 |
|--|------------------------------------|---------------------|------------------|
| Total treasury shares as at 1 May 2018 / 30 June 2019 | 3.06 | 4,030,072 | 12,320 |

As at 30 June 2019, the number of outstanding shares in issue with voting rights was 1,347,000,000 ordinary shares (30 April 2018 : 1,347,000,000 ordinary shares).

- A5 During the financial period ended 30 June 2019 and up to the date of this report, the Company paid the following dividends:
- (i) Third interim single tier dividend on 3 May 2018, in respect of financial year ended 30 April 2018, of 4 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM53,880,000;
 - (ii) Fourth interim single tier dividend on 9 August 2018, in respect of financial year ended 30 April 2018, of 4 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM53,880,000;
 - (iii) First interim single tier dividend on 23 October 2018, in respect of financial period ended 30 June 2019, of 4 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM53,880,000;
 - (iv) Second interim single tier dividend on 12 February 2019, in respect of financial period ended 30 June 2019, of 4 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM53,880,000;

BERJAYA SPORTS TOTO BERHAD**(Company No: 9109-K)****UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019****NOTES TO THE INTERIM FINANCIAL REPORT**

A5 (v) Third interim single tier dividend on 10 May 2019, in respect of financial period ended 30 June 2019, of 3 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM47,145,000; and

(vi) Fourth interim single tier dividend on 16 August 2019, in respect of financial period ended 30 June 2019, of 4.5 sen per share on 1,347,000,000 ordinary shares with voting rights amounting to RM60,615,000.

A6 Segmental revenue and results for the financial period ended 30 June 2019 were as follows:

| <u>REVENUE</u> | External RM'000 | Inter- segment RM'000 | Total RM'000 |
|---|------------------------------------|-------------------------------------|------------------|
| <u>Continuing operations:</u> | | | |
| Toto betting | 3,643,071 | - | 3,643,071 |
| Motor dealership | 2,846,933 | 702 | 2,847,635 |
| Others | 94,884 | 19,401 | 114,285 |
| Elimination : Intersegment Revenue | - | (20,103) | (20,103) |
| | <u>6,584,888</u> | <u>-</u> | <u>6,584,888</u> |
| <u>Discontinued operation:</u> | | | |
| Leasing of lottery equipment | 113,734 | - | 113,734 |
| | <u>6,698,622</u> | <u>-</u> | <u>6,698,622</u> |
| | | | |
| <u>RESULTS</u> | Continuing operations RM'000 | Discontinued operation RM'000 | Total RM'000 |
| Toto betting and leasing of lottery equipment | 455,367 | 47,672 | 503,039 |
| Motor dealership | 58,433 | - | 58,433 |
| Others | (13,248) | - | (13,248) |
| | <u>500,552</u> | <u>47,672</u> | <u>548,224</u> |
| Unallocated corporate expenses | (19,453) | - | (19,453) |
| Profit from operations | 481,099 | 47,672 | 528,771 |
| Finance costs | (59,164) | (127) | (59,291) |
| Interest income | 21,701 | 185 | 21,886 |
| Investment related income | 3,760 | - | 3,760 |
| Investment related expenses | (80,977) | - | (80,977) |
| Share of results of associated companies | (10,156) | - | (10,156) |
| Profit before tax | <u>356,263</u> | <u>47,730</u> | <u>403,993</u> |
| Taxation | (148,900) | (15,578) | (164,478) |
| Profit for the period | <u>207,363</u> | <u>32,152</u> | <u>239,515</u> |

A7 There were no material subsequent events for the financial period ended 30 June 2019 up to the date of this announcement other than those disclosed in note A8 (d).

BERJAYA SPORTS TOTO BERHAD

(Company No: 9109-K)

UNAUDITED 5TH INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2019

NOTES TO THE INTERIM FINANCIAL REPORT

- A8 There were no changes in the composition of the Group for the current financial period ended 30 June 2019 up to the date of this report including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except as disclosed below:
- (a) On 14 August 2018, Berjaya Philippines Inc. ("BPI"), an indirect subsidiary of the Company acquired additional 174,180 ordinary shares at GBP1.70 each in H.R. Owen Plc ("H.R. Owen"), representing 0.7% equity interest in H.R. Owen, for a total cash consideration of GBP297,681 (equivalent to approximately RM1.548 million). Consequently, H.R. Owen became a wholly-owned subsidiary company of BPI.
 - (b) On 11 February 2019, the Company announced that its wholly-owned subsidiary, FEAB Equities Sdn Bhd has on even date entered into a shareholders' agreement with PP Cylabs (M) Sdn Bhd on a 50:50 joint venture basis to set up a joint-venture company, namely FEAB Cylabs Sdn Bhd, to explore business opportunities as well as undertake projects in Sri Lanka.
 - (c) On 15 March 2019, the Company announced that H.R. Owen has incorporated the following 100%-owned subsidiary companies in England and Wales:
 - (i) Hatfield 6939 Limited ("Hatfield")
Hatfield was incorporated on 6 March 2019 and its intended principal activity is to engage in letting and operating owned or leased real estates.
 - (ii) Pangbourne 6939 Limited ("Pangbourne")
Pangbourne was incorporated on 6 March 2019 and its intended principal activity is to engage in letting and operating owned or leased real estates.
 - (iii) Shepperton 6939 Limited ("Shepperton")
Shepperton was incorporated on 7 March 2019 and its intended principal activities are property investment and investment holding.
 - (d) On 8 July 2019, the Company announced that BPI had on 1 July 2019 disposed of 1,000,000 ordinary shares, representing 20% equity interest, in its wholly-owned subsidiary, Philippine Gaming Management Corporation ("PGMC") for a consideration of Philippine Peso ("Php") 117.15 million (equivalent to approximately RM9.49 million). Subsequently on 3 July 2019, PGMC issued additional 5,000,000 ordinary shares with par value of Php100 each ("Share Subscription"). BPI waived its right to subscribe for the additional shares issued by PGMC. Upon completion of PGMC's Share Subscription, BPI's equity interest was further diluted to 39.99% from 79.99% and PGMC ceased as a subsidiary and became an associated company of BPI. PGMC is presented as disposal group in the current 2-month interim financial report for the period ended 30 June 2019 and its results are presented separately in the Consolidated Statement of Profit or Loss as "profit from discontinued operation".
- 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.

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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.

Due to the change of financial year end as disclosed in note A1, the Group's performance of the current interim and cumulative period results are not comparable against the comparative period.

The summary results of the Group are as follows:

| | 2-Month | |
|-------------------------------|---|---|
| | 1-5-2019 to 30-6-2019 RM'000 | 1-5-2018 to 30-6-2018 RM'000 |
| Revenue | | |
| - from continuing operations | 963,161 | N/A |
| - from discontinued operation | 11,755 | N/A |
| | <u>974,916</u> | <u>N/A</u> |
| Profit from operations | | |
| - from continuing operations | 56,754 | N/A |
| - from discontinued operation | 774 | N/A |
| | <u>57,528</u> | <u>N/A</u> |
| (Loss)/Profit before tax | | |
| - from continuing operations | (27,457) | N/A |
| - from discontinued operation | 654 | N/A |
| | <u>(26,803)</u> | <u>N/A</u> |

Review of Results for the Current Interim 2-month Period ended 30 June 2019

The Group reported revenue of RM974.9 million with a loss before tax of RM26.8 million in the 2-month period ended 30 June 2019. The revenue was substantially contributed by sales from the NFO business by Sports Toto Malaysia Sdn Bhd ("Sports Toto"), the principal subsidiary and also from the auto retailing business operated by H.R. Owen Plc ("H.R. Owen"). The loss before tax was mainly attributed to the impairment of goodwill and assets of the disposal group relating to the leasing of lottery equipment business in the Philippines in the current 2-month period as disclosed in Note A3 (a). The Group would have registered a pre-tax profit of RM51.6 million had the impairment of goodwill and assets of the disposal group been excluded.

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The summary results of the Group are as follows:

| | 14-Month 1-5-2018 to 30-6-2019 RM'000 | 14-Month 1-5-2017 to 30-6-2018 RM'000 |
|-------------------------------|--|--|
| Revenue | | |
| - from continuing operations | 6,584,888 | N/A |
| - from discontinued operation | 113,734 | N/A |
| | <u>6,698,622</u> | <u>N/A</u> |
| Profit from operations | | |
| - from continuing operations | 481,099 | N/A |
| - from discontinued operation | 47,672 | N/A |
| | <u>528,771</u> | <u>N/A</u> |
| Profit before tax | | |
| - from continuing operations | 356,263 | N/A |
| - from discontinued operation | 47,730 | N/A |
| | <u>403,993</u> | <u>N/A</u> |

For the cumulative 14-month period ended 30 June 2019, the Group registered revenue of RM6.7 billion and pre-tax profit of RM404.0 million. The revenue registered was mainly attributed to revenue from Sports Toto, H.R. Owen and Philippine Gaming Management Corporation ("PGMC"). The Group's pre-tax profit was mainly attributed to the profits achieved by Sports Toto and H.R. Owen as well as the profit contribution from PGMC. However, the pre-tax profit was partly offset by impairment of goodwill and assets of the disposal group of leasing of lottery equipment business in the Philippines recorded by the Group in the current 14-month period. The Group would have registered a pre-tax profit of RM482.4 million had the impairment of goodwill and assets of the disposal group been excluded.

PGMC is classified as discontinued operation in the current interim 2-month and 14-month period ended 30 June 2019 as disclosed in note A8 (d).

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| | 2-Month 1-5-2019 to 30-6-2019 RM'000 | 3-Month 1 Feb 2019 to 30 April 2019 RM'000 |
|-------------------------------|---|---|
| Revenue | | |
| - from continuing operations | 963,161 | 1,492,528 |
| - from discontinued operation | 11,755 | 16,298 |
| | <u>974,916</u> | <u>1,508,826</u> |
| Profit from operations | | |
| - from continuing operations | 56,754 | 117,236 |
| - from discontinued operation | 774 | 3,785 |
| | <u>57,528</u> | <u>121,021</u> |
| (Loss)/Profit before tax | | |
| - from continuing operations | (27,457) | 105,246 |
| - from discontinued operation | 654 | 3,790 |
| | <u>(26,803)</u> | <u>109,036</u> |

For the 2-month period ended 30 June 2019 under review, the Group registered revenue of RM974.9 million and pre-tax loss of RM26.8 million as compared to revenue of RM1.51 billion and pre-tax profit of RM109.0 million in the preceding quarter (3-month period ended 30 April 2019). The pre-tax loss in the current 2-month interim period was mainly due to impairment of goodwill and assets of the disposal group of leasing of lottery equipment business in the Philippines recorded by the Group coupled with the lower profit reported by Sports Toto due to high prize payout and the lower profit contributed by H.R. Owen. The Group would have registered a pre-tax profit of RM51.6 million had the impairment of goodwill and assets of the disposal group of leasing of lottery equipment business in the Philippines been excluded.

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 financial year ending 30 June 2020.

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

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B5 Taxation

| | Current 2-Month period RM'000 | Current period ended 30 June 2019 RM'000 |
|---|--|---|
| <u>Based on the results for the period</u> | | |
| From continuing operations: | | |
| - Malaysian income tax | 12,610 | 127,574 |
| - (Over)/Under provision in prior year | (3) | 4,186 |
| - Foreign country income tax | (740) | 14,205 |
| Deferred tax | | |
| - Origination and reversal of temporary differences | 5,096 | 2,935 |
| | <u>16,963</u> | <u>148,900</u> |
| From discontinued operation: | | |
| - Foreign country income tax | 1,186 | 15,601 |
| Deferred tax | | |
| - Origination and reversal of temporary differences | (23) | (23) |
| | <u>1,163</u> | <u>15,578</u> |
| Total taxation | <u><u>18,126</u></u> | <u><u>164,478</u></u> |

The effective tax rate on the Group's profit for the current 2-month and financial period ended 30 June 2019 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.

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B7 The Group's borrowings as at 30 June 2019 were as follows:

| | Foreign currency amount '000 | At end of current period RM'000 |
|--|---------------------------------|---------------------------------------|
| <u>Long term borrowings</u> | | |
| Secured | | |
| Denominated in | | |
| - Ringgit Malaysia (Medium Term Notes) | | 738,866 |
| - Philippine Peso (Term loan) | 87,500 * | 7,086 |
| - Great Britain Pound (Term loan) | 1,662 * | 8,764 |
| | | <u>754,716</u> |
| <u>Short term borrowings</u> | | |
| Secured | | |
| Denominated in | | |
| - Ringgit Malaysia (Medium Term Notes) | # | 60,000 |
| - Philippine Peso (Term loan) | 150,000 * | 12,148 |
| - Philippine Peso (Revolving Promissory Note Line) | 80,000 * | 6,479 |
| - Great Britain Pound (Term loan) | 215 * | 1,135 |
| - Great Britain Pound (Vehicle stocking loans) | 54,318 * | 286,395 |
| | | <u>366,157</u> |
| Total bank borrowings | | <u><u>1,120,873</u></u> |

* Converted at the respective exchange rate prevailing as at 30 June 2019

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:

PGMC, an indirect subsidiary of the Company, commenced arbitration proceedings against PCSO on 12 March 2014 at the International Chamber of Commerce, International Court of Arbitration, pursuant to an interim settlement agreement between PGMC and PCSO whereby the parties agreed to resort to arbitration in order to settle issues regarding PGMC's exclusivity as an online lottery lessor of PCSO in Luzon, Philippines.

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

In March 2019, PGMC submitted its proposal for its extension of ELA for a period of three (3) years commencing 23 August 2019. On 3 June 2019, PGMC expressed its intention to bid and took part in the bidding for the five (5) years lease of the PCSO lottery system. On 9 July 2019, during the opening of the submitted bids, only PGMC was declared eligible subject to evaluation. However, subsequently PGMC was informed by PCSO that it failed the qualifications set. PGMC filed a motion with PCSO for reconsideration asserting its claim that it did not fail the bid. The motion was denied. Subsequently, PGMC filed a protest which is still pending resolution.

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B9 The Board does not recommend any interim dividend for the current 2-month period ended 30 June 2019.

The Company has paid first interim dividend of 4 sen per share on 23 October 2018, second interim dividend of 4 sen per share on 12 February 2019, third interim dividend of 3.5 sen per share on 10 May 2019 and fourth interim dividend of 4.5 sen per share on 16 August 2019.

The total dividend distribution for the financial period ended 30 June 2019 was approximately RM215.5 million, **representing about 91.7% of the attributable profit of the Group for the 14-month financial period ended 30 June 2019.**

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

| | Group (2-month period) | |
|--|-------------------------|------------|
| | 30-6-19 | 30-6-18 |
| Loss from continuing operations attributable to equity holders (RM'000) | (40,929) | N/A |
| Loss from discontinued operation attributable to equity holders (RM'000) | (449) | N/A |
| | <u>(41,378)</u> | <u>N/A</u> |
| Weighted average number of shares with voting rights ('000) | <u>1,347,000</u> | <u>N/A</u> |
| Basic loss per share (sen) for: | | |
| Loss from continuing operations | (3.04) | N/A |
| Loss from discontinued operation | (0.03) | N/A |
| | <u>(3.07)</u> | <u>N/A</u> |
| | | |
| | Group (14-month period) | |
| | 30-6-19 | 30-6-18 |
| Profit from continuing operations attributable to equity holders (RM'000) | 206,668 | N/A |
| Profit from discontinued operation attributable to equity holders (RM'000) | 28,377 | N/A |
| | <u>235,045</u> | <u>N/A</u> |
| Weighted average number of shares with voting rights ('000) | <u>1,347,000</u> | <u>N/A</u> |
| Basic earnings per share (sen) for: | | |
| Profit from continuing operations | 15.34 | N/A |
| Profit from discontinued operation | 2.11 | N/A |
| | <u>17.45</u> | <u>N/A</u> |

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

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

| | Current 2-month period RM'000 | Financial period ended 30 June 2019 RM'000 |
|---|--|---|
| Interest income - from continuing operations | (2,850) | (21,701) |
| Interest income - from discontinued operation | (88) | (185) |
| | (2,938) | (21,886) |
| Dividend income included in investment related income | (1,294) | (3,357) |
| Other income excluding dividend and interest income | (802) | (2,296) |
| Depreciation of property, plant and equipment | | |
| - from continuing operations | 4,250 | 33,697 |
| - from discontinued operations | 294 | 1,974 |
| | 4,544 | 35,671 |
| Amortisation of intangible assets | 77 | 545 |
| Impairment in value of quoted and unquoted investments | - | 113 |
| Foreign exchange (gain)/loss | 240 | 2,174 |
| (Reversal)/provision for and write off of receivables | 993 | 3,534 |
| (Reversal)/provision for and write off of inventories | 605 | 2,489 |
| Gain on disposal of quoted or unquoted investment or properties | - | - |
| (Gain)/loss on derivatives | - | - |
| | <u> </u> | <u> </u> |