



MAGNUM BERHAD (24217-M)
(formerly known as MULTI-PURPOSE HOLDINGS BERHAD)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000 (Restated)
Continuing operations		
Revenue	792,545	847,425
Cost of sales	<u>(641,985)</u>	<u>(644,125)</u>
Gross profit	150,560	203,300
Other income	6,775	5,358
Administrative expenses	(7,690)	(8,659)
Other expenses	<u>(18,038)</u>	<u>(27,407)</u>
Operating profit	131,607	172,592
Finance costs	<u>(12,759)</u>	<u>(14,624)</u>
Profit before tax	118,848	157,968
Income tax expense	<u>(34,182)</u>	<u>(29,600)</u>
Profit for the period from continuing operations	84,666	128,368
Discontinued operations		
Profit for the period from discontinued operations	<u>-</u>	<u>25,580</u>
Profit for the period	<u>84,666</u>	<u>153,948</u>
Other comprehensive income		
<u>Continuing operations</u>		
Foreign currency translation	(1)	-
Changes in fair value of available-for-sale("AFS") assets	2	(3)
	1	(3)
<u>Discontinued operations</u>		
Changes in fair value of available-for-sale("AFS") assets	-	4,013
	-	4,013
Total comprehensive income for the period	<u>84,667</u>	<u>157,958</u>
Profit for the period attributable to:		
Owners of the parent	82,534	149,445
Non-controlling interests	<u>2,132</u>	<u>4,503</u>
	<u>84,666</u>	<u>153,948</u>
Total comprehensive income for the period attributable to:		
Owners of the parent	82,535	153,455
Non-controlling interests	<u>2,132</u>	<u>4,503</u>
Profit for the period	<u>84,667</u>	<u>157,958</u>
Earnings per share ("EPS") attributable to owners of the parent (sen per share):		
Basic, for profit from continuing operations	5.8	8.8
Basic, for profit from discontinued operations	-	1.7
Basic EPS	<u>5.8</u>	<u>10.5</u>

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	(UNAUDITED) AS AT 31.03.2014 RM'000	(AUDITED) AS AT 31.12.2013 RM'000
Assets		
Non-current assets		
Property, plant and equipment	38,209	39,861
Investment properties	580	580
Investment securities	246,972	243,806
Intangible assets	2,738,328	2,738,331
Deferred tax assets	1,351	1,351
	<u>3,025,440</u>	<u>3,023,929</u>
Current assets		
Inventories	1,151	1,447
Receivables	65,918	74,102
Investment securities	75,199	72,499
Tax recoverable	59,311	113,093
Cash and bank balances	437,663	425,968
	<u>639,242</u>	<u>687,109</u>
Assets held for sale	8,245	8,245
Total Assets	<u>3,672,927</u>	<u>3,719,283</u>
Equity and liabilities		
Equity attributable to owners of the company		
Share capital	1,437,749	1,437,749
Treasury Shares	(17,656)	(17,656)
Reserves	1,071,139	1,059,970
Shareholders' equity	<u>2,491,232</u>	<u>2,480,063</u>
Non-controlling interests	38,014	35,882
Total equity	<u>2,529,246</u>	<u>2,515,945</u>
Non-current liabilities		
Borrowings	989,460	988,954
Deferred tax liabilities	2,509	2,509
Provision for retirement benefits	1,262	1,207
	<u>993,231</u>	<u>992,670</u>
Current liabilities		
Payables	147,589	179,650
Borrowings	-	25,000
Tax payable	2,861	6,018
	<u>150,450</u>	<u>210,668</u>
Total liabilities	<u>1,143,681</u>	<u>1,203,338</u>
Total equity and liabilities	<u>3,672,927</u>	<u>3,719,283</u>
Net assets per share attributable to ordinary equity holders of the company (RM)	<u>1.75</u>	<u>1.74</u>

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014**

|----- Attributable to Equity Holders of the Company -----|
|----- Non-distributable -----|

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	OTHER RESERVES RM'000	TREASURY SHARES RM'000	RETAINED PROFITS RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL RM'000
At 1 January 2013	1,437,749	1,413,108	(743,362)	(17,656)	1,315,448	27,131	3,432,418
Total comprehensive income for the period	-	-	4,010	-	149,445	4,503	157,958
Accretion of interest arising from the acquisition of additional shares in subsidiaries	-	-	-	-	-	(117)	(117)
At 31 March 2013	1,437,749	1,413,108	(739,352)	(17,656)	1,464,893	31,517	3,590,259
At 1 January 2014	1,437,749	716,608	(675,513)	(17,656)	1,018,875	35,882	2,515,945
Total comprehensive income for the period	-	-	1	-	82,534	2,132	84,667
Dividends paid	-	-	-	-	(71,366)	-	(71,366)
At 31 March 2014	1,437,749	716,608	(675,512)	(17,656)	1,030,043	38,014	2,529,246

These condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2014

	3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000 (Restated)
OPERATING ACTIVITIES		
Profit before tax		
- continuing operations	118,848	157,968
- discontinued operations	-	28,852
Adjustments for:		
Accretion of discounts less amortisation of premiums	-	1
Amortisation of intangible assets	3	114
Bad debts written off	-	42
Changes in fair value of investment securities	(2,594)	1,226
Depreciation of investment properties	-	443
Depreciation of property, plant and equipment	1,991	3,897
Dividend income on quoted shares and unit trust	-	(1,503)
Gain on disposal of investment properties	-	(1,401)
Gain on disposal of investment securities	-	(4,736)
Gain on disposal of property, plant and equipment	-	(184)
Gain on disposal of subsidiaries	-	(15,035)
Increase in reserves for unexpired risks	-	4,842
Interest expense	12,759	15,990
Interest income	(3,620)	(8,547)
Property, plant and equipment written off	5	2
Provision for bad and doubtful debts	-	362
Provision for retirement benefits	231	218
Share of results of associates	-	289
Write-back of provision for doubtful debts	-	(120)
Operating cash flows before working capital changes	<u>127,623</u>	<u>182,720</u>
Changes in working capital:		
Inventories	296	31
Receivables	8,139	(19,694)
Payables	(20,119)	42,945
Cash flows generated from operations	<u>115,939</u>	<u>206,002</u>
Income tax refund	52,096	-
Income tax paid	(35,655)	(33,318)
Retirement benefits paid	(175)	(167)
Net cash flows generated from operating activities	<u>132,205</u>	<u>172,517</u>
INVESTING ACTIVITIES		
Proceeds from disposals of :		
- property, plant and equipment	-	450
- investment securities	21	119,397
- subsidiaries	-	134,131
Purchase of :		
- property, plant and equipment	(346)	(2,498)
- investment properties	-	(1,094)
- investment securities	(3,163)	(49,478)
- intangible assets	-	(224)
- additional shares in subsidiaries	-	(117)
Movement in cash deposits pledged	(37)	(45)
Net dividend received from :		
- quoted shares and unit trusts	-	1,503
- associate	-	500
Interest paid	(24,221)	(27,297)
Interest received	3,581	8,569
Net cash flows (used in)/generated from investing activities	<u>(24,165)</u>	<u>183,797</u>
FINANCING ACTIVITIES		
Dividend paid	(71,366)	-
Net movement in fixed deposits with licensed bank	-	(229)
Net repayment of borrowings	(25,000)	(170,000)
Net cash flows used in financing activities	<u>(96,366)</u>	<u>(170,229)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,674	186,085
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	404,308	609,195
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>415,982</u>	<u>795,280</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	437,663	432,965
Cash deposits pledged	(21,481)	(21,909)
Cash deposits with licensed banks with maturity period of more than 3 months	(200)	(707)
Continuing operations	<u>415,982</u>	<u>410,349</u>
Discontinued operations	-	384,931
	<u>415,982</u>	<u>795,280</u>

These condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9 paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

A2 Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statement for the year ended 31 December 2013, except for the adoption of the following MFRSs and amendments to MFRSs during the current financial period :

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10, MFRS 12, MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

At the date of authorisation of this unaudited interim financial statements, the MASB had issued several MFRSs and amendments but not yet effective and have not been adopted by the Group :

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle	
Annual Improvements to MFRSs 2011-2013 Cycle	

Effective for financial periods to be announced by MASB

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9	Financial Instruments - Hedge Accounting and amendments to MFRS 9, MFRS 7, MFRS 139

The above MFRSs and Amendments to MFRSs are expected to have no significant impact on the financial statements of the Group upon their initial application, except as discussed below :

The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect (if any) in conjunction with the other phases, when the final standard including all phases is issued.

A3 Seasonal or Cyclical Factors

The business operations of the Group are generally dependent on the state of the overall economic environment.

A4 Unusual Items Affecting Interim Financial Report

There were no unusual items as a result of their nature, size or incidence that had affected assets, liabilities, equity, net income or cash flows for the period ended 31 March 2014.

A5 Accounting Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter.

A6 Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter under review.

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A7 Dividends Paid

During the financial period ended 31 March 2014, the Company has paid a fourth interim single tier dividend of 5 sen per share in respect of financial year ended 31 December 2013, amounting to RM71.4 million on 28 March 2014.

A8 Segmental Information

	3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000 (Restated)
Segmental Revenue		
Gaming	792,437	846,890
Investment holding & others	61,085	73,266
	853,522	920,156
Eliminations	(60,977)	(72,731)
Continuing operations	792,545	847,425
Discontinued operations	-	72,808
Total	792,545	920,233
Segmental Results		
Gaming	118,951	164,392
Investment holding & others	59,927	61,090
	178,878	225,482
Eliminations	(60,030)	(67,514)
Continuing operations	118,848	157,968
Discontinued operations	-	28,852
Profit Before Tax	118,848	186,820

A9 Material Subsequent Events

There were no material subsequent events since the end of the current financial period up to the date of this announcement.

A10 Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 March 2014.

A11 Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at the reporting date, the Group held the following financial assets that are measured at fair value:

		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2014					
Current	FVTPL	75,199	-	-	75,199
Non-current	AFS & Other investment	-	-	247,552	247,552
		75,199	-	247,552	322,751
31 December 2013					
Current	FVTPL	72,499	-	-	72,499
Non-current	AFS & Other investment	-	-	244,386	244,386
		72,499	-	244,386	316,885

A12 Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last audited reporting date as at 31 December 2013.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of Performance of the Group

Current Quarter vs Previous Year Corresponding Quarter

The Group's pre-tax profit from continuing operations for the current quarter at RM118.8 million is lower when compared to RM158.0 million achieved in the previous year corresponding quarter. The decrease is mainly due to lower 4D Classic and 4D Jackpot sales, mitigated by the lower cost of sales, operating expenses and finance cost. In the previous year corresponding quarter, the Discontinued operations generated a pre-tax profit of RM28.8 million mainly due to contributions from the financial services division and profit from disposal of its stockbroking subsidiary.

Gaming

Revenue for the current quarter has decreased by 6.43% or RM54.5 million mainly caused by lower 4D Classic and 4D Jackpot sales. High frequency of 4D Jackpot 1 prize being struck leading towards the Chinese New Year festive season and cautious consumer spending had dampened sales in the current quarter.

Arising from the lower revenue and coupled with higher prize payout ratio in this quarter compared to the last corresponding quarter, pre-tax profit of the gaming division is lower at RM119.0 million compared to RM164.4 million recorded previously.

Investment Holding and Others

This Division recorded a favourable variance in the current quarter due mainly to lower operating expenses, finance cost and higher fair value gain on investments.

B2 Material change in Profit Before Tax for the current quarter compared with the immediate preceding quarter

Gaming revenue is higher in the current quarter by RM52.1 million due mainly to seasonal Chinese New Year festival sales and an additional draw conducted in the current quarter. The lower prize payout ratio in the current quarter compared to preceding quarter helped the Gaming division register a higher profit by RM37.5 million. The investment holding division registered a lower profit in the current quarter due to lower operating expenses in the preceding quarter arising from the reclass of expenses to Discontinued operations. Overall, the Group's pre-tax profit from continuing operations is higher in the current quarter when compared to the immediate preceding quarter by RM35.0 million.

B3 Prospects

In view of rising living costs, consumer spending is expected to moderate. The Board is of the view that 2014 will be a challenging year. The Group will continue its marketing and product branding strategies to sustain its revenue.

B4 Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced

Not applicable

B5 Profit Forecast and Profit Guarantee

There was no profit forecast or profit guarantee issued by the Company.

B6 Income Tax Expense

	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
		(Restated)
Continuing operations:		
Current income tax:		
Malaysian income tax	34,182	29,629
Over-provision of Malaysian income tax in prior years	-	(29)
Total income tax expense from continuing operations	34,182	29,600
Discontinued operations:		
Current income tax:		
Malaysian income tax	-	3,272
Total income tax expense from discontinued operations	-	3,272
Total income tax expense	34,182	32,872

The effective tax rate on the continuing operations of the Group in the previous corresponding quarter was lower than the statutory tax rate mainly due to availability of tax credit for set-off against tax expenses. With effect from 2014, the effective tax rate will be higher than the statutory tax rate due to the non-availability of tax credit and non-deductibility of certain expenses.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B7 Corporate Proposals

There is no corporate proposal announced but not completed as at the date of this announcement.

B8 Borrowings

The Group's borrowings as at 31 March 2014 is as follows:

	Secured RM'000
Long term	
Medium term notes	989,460
Total	<u>989,460</u>

The borrowings is denominated in Ringgit Malaysia.

B9 Material Litigation

There is no pending material litigation as at the date of this announcement.

B10 Dividends

The Board of Directors is pleased to declare a first interim single tier dividend of 5% for the financial year ending 31 December 2014 to be paid on 27 June 2014 to shareholders registered on the Register of Depositors at the close of business on 9 June 2014.

B11 Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	3 months ended	
	31.03.2014	31.03.2013 (Restated)
Profit from continuing operations (RM'000)	82,534	124,355
Profit from discontinued operations (RM'000)	-	25,090
Profit for the period attributable to owners of the parent (RM'000)	<u>82,534</u>	<u>149,445</u>
Weighted average number of ordinary share in issue ('000)	<u>1,427,321</u>	<u>1,427,321</u>
Basic EPS for profit from continuing operations (sen)	5.8	8.8
Basic EPS for profit from discontinued operations (sen)	-	1.7
Basic EPS (sen)	<u>5.8</u>	<u>10.5</u>

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B12 Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

B13 Profit before tax

	3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000 (Restated)
The profit before taxation for the period is arrived at after charging/(crediting):		
<u>Continuing operations</u>		
Amortisation of intangible assets	3	3
Changes in fair value of investment securities	(2,594)	(909)
Depreciation of property, plant and equipment	1,991	2,175
Dividend income on quoted shares and unit trust	-	(310)
Gain on disposal of investment securities	-	(1,042)
Gain on disposal of property, plant and equipment	-	(69)
Interest expense	12,759	14,624
Interest income	(3,620)	(2,634)
Property, plant and equipment written off	5	2
Provision for retirement benefits	231	218
Write-back of provision for doubtful debts	-	(120)
<u>Discontinued operations</u>		
Accretion of discounts less amortisation of premiums	-	1
Amortisation of intangible assets	-	111
Bad debts written off	-	42
Changes in fair value of investment securities	-	2,135
Depreciation of investment properties	-	443
Depreciation of property, plant and equipment	-	1,722
Dividend income on quoted shares and unit trust	-	(1,193)
Increase in reserves for unexpired risks	-	4,842
Gain on disposal of investment properties	-	(1,401)
Gain on disposal of investment securities	-	(3,694)
Gain on disposal of property, plant and equipment	-	(115)
Gain on disposal of subsidiaries	-	(15,035)
Interest expense	-	1,366
Interest income	-	(5,913)
Share of results of associates	-	289
Provision for bad and doubtful debts	-	362

B14 Retained profits

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits		
- realised	2,800,996	2,770,356
- unrealised	4,811	2,217
Less: Consolidation adjustments	(1,775,764)	(1,753,698)
Retained profits as per Statement of Changes in Equity	1,030,043	1,018,875

By Order Of The Board

Company Secretary
21 May 2014