



MAGNUM BERHAD (24217-M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015
(The figures have not been audited)**

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	657,289	696,596	1,448,565	1,489,141
Cost of sales	(522,761)	(578,391)	(1,144,803)	(1,220,376)
Gross profit	134,528	118,205	303,762	268,765
Other income	4,157	13,317	9,089	20,092
Administrative expenses	(7,668)	(7,490)	(15,382)	(15,180)
Other expenses	(31,711)	(16,821)	(56,525)	(34,859)
Operating profit	99,306	107,211	240,944	238,818
Finance costs	(12,757)	(12,635)	(25,390)	(25,394)
Profit before tax	86,549	94,576	215,554	213,424
Income tax expense	(25,808)	(25,470)	(61,280)	(59,652)
Profit for the period	60,741	69,106	154,274	153,772
Other comprehensive income				
Foreign currency translation	(3)	3	(11)	2
Changes in fair value of available-for-sale ("AFS") assets	19	(16)	106	(14)
	16	(13)	95	(12)
Total comprehensive income for the period	60,757	69,093	154,369	153,760
Profit for the period attributable to:				
Owners of the parent	59,825	67,999	150,588	150,533
Non-controlling interests	916	1,107	3,686	3,239
	60,741	69,106	154,274	153,772
Total comprehensive income for the period attributable to:				
Owners of the parent	59,841	67,986	150,683	150,521
Non-controlling interests	916	1,107	3,686	3,239
	60,757	69,093	154,369	153,760
Earnings per share attributable to owners of the parent (sen per share):				
Basic, for profit of the period	4.2	4.8	10.6	10.6

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	(UNAUDITED) AS AT 30.06.2015 RM'000	(AUDITED) AS AT 31.12.2014 RM'000
Assets		
Non-current assets		
Property, plant and equipment	53,281	44,091
Investment properties	580	580
Investment securities	258,392	246,900
Intangible assets	2,738,398	2,738,407
Deferred tax assets	9,413	9,413
	<u>3,060,064</u>	<u>3,039,391</u>
Current assets		
Inventories	1,107	1,131
Investment securities	60,644	67,745
Receivables	25,938	34,475
Tax recoverable	57,282	58,291
Cash and bank balances	450,316	462,110
	<u>595,287</u>	<u>623,752</u>
Total assets	<u>3,655,351</u>	<u>3,663,143</u>
Equity and liabilities		
Equity attributable to owners of the parent		
Share capital	1,437,749	1,437,749
Treasury Shares	(26,579)	(25,588)
Reserves	1,039,451	1,031,214
Shareholders' equity	<u>2,450,621</u>	<u>2,443,375</u>
Non-controlling interests	39,150	37,766
Total equity	<u>2,489,771</u>	<u>2,481,141</u>
Non-current liabilities		
Borrowings	942,041	940,990
Deferred tax liabilities	2,530	2,530
	<u>944,571</u>	<u>943,520</u>
Current liabilities		
Borrowings	49,975	49,915
Payables	166,235	184,886
Provision for retirement benefits	1,085	1,085
Tax payable	3,714	2,596
	<u>221,009</u>	<u>238,482</u>
Total liabilities	<u>1,165,580</u>	<u>1,182,002</u>
Total equity and liabilities	<u>3,655,351</u>	<u>3,663,143</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.72</u>	<u>1.71</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 2014 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015

	----- Attributable to Equity Holders of the Company -----						NON- CONTROLLING INTERESTS RM'000	TOTAL RM'000
	----- Non-distributable -----							
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	OTHER RESERVES RM'000	TREASURY SHARES RM'000	RETAINED PROFITS RM'000			
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	-	-	(12)	-	150,533	3,239	153,760	
Dividends paid	-	-	-	-	(142,732)	(2,290)	(145,022)	
At 30 June 2014	1,437,749	716,608	(675,525)	(17,656)	1,026,676	36,831	2,524,683	
At 1 January 2015	1,437,749	716,608	(675,585)	(25,588)	990,191	37,766	2,481,141	
Total comprehensive income for the period	-	-	95	-	150,588	3,686	154,369	
Dividends paid	-	-	-	-	(142,446)	(2,302)	(144,748)	
Purchase of own shares	-	-	-	(991)	-	-	(991)	
At 30 June 2015	1,437,749	716,608	(675,490)	(26,579)	998,333	39,150	2,489,771	

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 2014 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

	6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000
OPERATING ACTIVITIES		
Profit before tax	215,554	213,424
Adjustments for:		
Amortisation of intangible assets	9	7
Changes in fair value of investment securities	2,101	(9,877)
Depreciation of property, plant and equipment	2,183	4,020
Dividend income on quoted shares and unit trust	(357)	(105)
Gain on disposal of investment properties	-	(1,532)
Gain on disposal of investment securities	(2)	(139)
Gain on disposal of property, plant and equipment	(164)	(52)
Interest expense	25,390	25,394
Interest income	(8,092)	(7,374)
Property, plant and equipment written off	9	5
Provision for retirement benefits	-	457
Operating cash flows before working capital changes	<u>236,631</u>	<u>224,228</u>
Changes in working capital:		
Inventories	24	243
Receivables	8,510	50,844
Payables	<u>(18,570)</u>	<u>(22,096)</u>
Cash flows generated from operations	226,595	253,219
Income tax refund	-	52,096
Income tax paid	(59,155)	(67,341)
Retirement benefits paid	<u>-</u>	<u>(362)</u>
Net cash flows generated from operating activities	167,440	237,612
INVESTING ACTIVITIES		
Proceeds from disposals of:		
- property, plant and equipment	164	111
- investment securities	1,003	3,328
- investment properties	-	9,777
Purchase of:		
- property, plant and equipment	(11,382)	(1,348)
- investment securities	(11,386)	(3,163)
Investment in Money Market Fund	(171)	-
Movement in cash deposits pledged	(4,739)	(64)
Net dividend received from quoted shares and unit trusts	357	105
Withdrawal of investment funds	4,170	-
Interest paid	(24,392)	(24,294)
Interest received	8,142	7,265
Net cash flows used in investing activities	<u>(38,234)</u>	<u>(8,283)</u>
FINANCING ACTIVITIES		
Dividends paid to shareholders	(142,446)	(142,732)
Dividends paid to the non-controlling interests of a subsidiary	(2,302)	(2,290)
Net movement in fixed deposits with licensed bank	(3)	-
Net repayment of borrowings	-	(25,000)
Purchase of own shares	<u>(991)</u>	<u>-</u>
Net cash flows used in financing activities	<u>(145,742)</u>	<u>(170,022)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16,536)	59,307
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>440,999</u>	<u>404,324</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>424,463</u>	<u>463,631</u>
Cash and cash equivalents consist of:		
Deposits, cash and bank balances	450,316	485,339
Cash deposits pledged	(25,420)	(21,508)
Cash deposits with licensed banks with maturity period of more than 3 months	(433)	(200)
	<u>424,463</u>	<u>463,631</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 2014 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.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. 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 2014.

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 2014, 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 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	

The adoption of the above does not have a material impact on the financial statements of the Group in the period of initial application.

At the date of authorisation of this unaudited interim financial statements, the following MFRSs and the Amendments to MFRSs have been issued by the MASB but are not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2016

Annual Improvements to MFRSs 2012-2014 Cycle	
Amendments to MFRS 116 and MRFS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MRFS 141	Agriculture : Bearer Plants
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 101	Disclosure Initiatives
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities : Applying the Consolidation Exception
MFRS 14	Regulatory Deferral Accounts

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
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A EXPLANATORY NOTES PURSUANT TO MFRS 134**A2 Significant Accounting Policies (Contd.)**

The directors expect that the adoption of the above MFRSs and Amendments to MFRSs will have no material impact on the financial statements of the Group upon their initial application, except as discussed below:

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments : Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, 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. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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 30 June 2015.

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 period.

A6 Changes in Debt and Equity Securities

The Company had on 16 February 2015 and 31 March 2015 purchased 364,600 of its own shares from open market at the market price ranging from RM2.69 to RM2.75 per share. The total consideration which amounted to RM0.991 million were financed by internally generated funds. These shares are being held as treasury shares.

A7 Dividends Paid

During the financial period ended 30 June 2015, the Company has paid the following:

- (i) a fourth interim single tier dividend of 5 sen per share in respect of financial year ended 31 December 2014, amounting to RM71.2 million on 27 March 2015; and
- (ii) a first interim single tier dividend of 5 sen per share in respect of financial year ending 31 December 2015, amounting to RM71.2 million on 26 June 2015.

A8 Segmental Information

	6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000
Segmental Revenue		
Gaming	1,448,205	1,488,737
Investment holding & others	145,703	122,433
	1,593,908	1,611,170
Eliminations	(145,343)	(122,029)
Total	1,448,565	1,489,141
Segmental Results		
Gaming	218,016	203,643
Investment holding & others	140,211	129,842
	358,227	333,485
Eliminations	(142,673)	(120,061)
Profit Before Tax	215,554	213,424

A EXPLANATORY NOTES PURSUANT TO MFRS 134**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 30 June 2015.

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
30 June 2015					
Current	FVTPL	60,644	-	-	60,644
Non-current	AFS & Other investment	13,223	-	245,169	258,392
		<u>73,867</u>	<u>-</u>	<u>245,169</u>	<u>319,036</u>
31 December 2014					
Current	FVTPL	67,745	-	-	67,745
Non-current	AFS & Other investment	13,117	-	233,783	246,900
		<u>80,862</u>	<u>-</u>	<u>233,783</u>	<u>314,645</u>

A12 Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last audited reporting date as at 31 December 2014.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of Performance of the Group****Q2 2015 vs Q2 2014**

The pre-tax profit for the current quarter was lower at RM86.6 million as compared to RM94.6 million achieved in previous year corresponding quarter. The decrease was mainly due to fair value loss of quoted investments and incurrence of Goods and Services Tax ("GST") expenses with effect from 1 April 2015, mitigated by lower prizes payout registered by the Gaming division.

Gaming

Gaming sales has declined by RM39.3 million in the current quarter due to weak consumer spending. However, pre-tax profit has increased slightly by RM2.8 million from RM86.1 million in the previous year corresponding quarter to RM88.9 million in the current quarter. The increase was mainly due to lower prizes payout, net of GST expenses that was introduced in April 2015.

Investment Holdings and Others

The Investment Holdings and Others division reported a pre-tax loss of RM2.4 million in the current quarter as compared to a pre-tax profit of RM8.4 million in the previous year corresponding quarter mainly due to fair value loss of quoted investments in the current quarter as opposed to fair value gain of quoted investments and gain on disposal of properties recorded in the previous year corresponding quarter.

1H 2015 vs 1H 2014

The Group reported a 6 months pre-tax profit of RM215.5 million compared to RM213.4 million recorded in the previous year corresponding period. The favourable variance of RM2.1 million was mainly due to higher profit from the Gaming division, net of losses from the Investment Holdings and Others division.

Gaming

Gaming sales was lower by RM40.5 million or 2.7% in the current 6 months period when compared to previous year corresponding period mainly due to one less draw and weak consumer spending. Despite the lower sales, gaming pre-tax profit increased by RM14.4 million, from RM203.6 million achieved in the previous year corresponding period to RM218.0 million in the current 6 months period. The increase was mainly due to lower prizes payout, net of GST expenses.

Investment Holdings and Others

The Investment Holdings and Others division recorded a pre-tax loss of RM2.5 million when compared to the previous year corresponding period profit of RM9.8 million mainly due to fair value loss of quoted investments in the current 6 months period as opposed to fair value gain of quoted investments and gain on disposal of properties recorded in the previous year corresponding period.

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

The Group's pre-tax profit was lower by RM42.5 million in the current quarter compared to the immediate preceding quarter, having dropped from RM129.0 million in the immediate preceding quarter to RM86.5 million in the current quarter. This was mainly caused by lower gaming profit recorded by the Gaming division resulted from lower gaming sales, the incurrence of GST expenses and a marginally higher prizes payout. In addition, the Investment Holdings and Others division recorded a higher pre-tax loss of RM2.5 million mainly due to fair value loss of quoted investments.

Revenue from Gaming division in the current quarter was lower by RM134.3 million when compared to the immediate preceding quarter mainly due to the seasonal Chinese New Year factor and an extra draw in the first quarter. The drop in revenue was also attributable to the negative impact on consumer sentiment following the implementation of the GST with effect from 1 April 2015.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B3 Prospects**

The impact on disposal income of consumers following the implementation of the GST and the current socio-economic environment are expected to have a dampening effect on consumer spending and sales. However, it is still too early to accurately assess the duration and full extent of these factors on consumer spending. The Board expects the operating environment in the immediate future to be challenging.

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		6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Current income tax:				
Malaysian income tax	25,808	25,286	61,279	59,468
Under/(Over) - provision in prior years	-	(12)	1	(12)
	<u>25,808</u>	<u>25,274</u>	<u>61,280</u>	<u>59,456</u>
Real property gains tax	-	196	-	196
Total income tax expense	<u>25,808</u>	<u>25,470</u>	<u>61,280</u>	<u>59,652</u>

The effective tax rate of the Group for the current and the previous corresponding period was higher than the statutory tax rate mainly due to non-deductibility of certain expenses.

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 30 June 2015 is as follows:

	Secured RM'000
Long term	
Medium term notes	942,041
Short term	
Medium term notes - due within a year	49,975
Total	<u>992,016</u>

The borrowings is denominated in Ringgit Malaysia.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**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 second interim single tier dividend of 5% for the financial year ending 31 December 2015 to be paid on 25 September 2015 to shareholders registered on the Register of Depositors at the close of business on 9 September 2015.

B11 Basic Earnings Per Share

Basic earnings per share ("EPS") 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		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Profit for the period attributable to owners of the parent (RM'000)	59,825	67,999	150,588	150,533
Weighted average number of ordinary share in issue ('000)	1,424,494	1,427,321	1,424,494	1,427,321
Basic EPS (sen)	4.2	4.8	10.6	10.6

B12 Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

B13 Profit before tax

	3 months ended	6 months ended
	30.06.2015 RM'000	30.06.2015 RM'000
The profit before taxation for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	5	9
Changes in fair value of investment securities	2,162	2,101
Depreciation of property, plant and equipment	1,087	2,183
Interest expense	12,757	25,390
Interest income	(3,879)	(8,092)
Property, plant and equipment written off	7	9
Dividend income on quoted shares and unit trust	(357)	(357)
Gain on disposal of property, plant and equipment	(164)	(164)
Gain on disposal of investment securities	(4)	(2)

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B14 Retained profits

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits		
- realised	2,866,022	2,831,916
- unrealised	8,156	14,030
Less : Consolidation adjustments	(1,875,845)	(1,855,755)
 Retained profits as per Statement of Changes in Equity	 <u>998,333</u>	 <u>990,191</u>

By Order Of The Board

**Company Secretary
18 August 2015**