



MAGNUM BERHAD (24217-M)
(Incorporated in Malaysia)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	660,174	669,986	2,098,579	2,159,127
Cost of sales	(580,117)	(558,890)	(1,724,920)	(1,779,266)
Gross profit	80,057	111,096	373,659	379,861
Other income	5,590	3,825	14,679	23,917
Administrative expenses	(7,131)	(7,729)	(22,513)	(22,909)
Other expenses	(9,001)	(19,678)	(55,366)	(54,537)
Operating profit	69,515	87,514	310,459	326,332
Finance costs	(12,973)	(12,793)	(38,363)	(38,187)
Profit before tax	56,542	74,721	272,096	288,145
Income tax expense	(18,069)	(28,749)	(79,349)	(88,401)
Profit for the period	38,473	45,972	192,747	199,744
Other comprehensive income				
Foreign currency translation	(25)	(3)	(36)	(1)
Changes in fair value of available-for-sale ("AFS") assets	(80)	(30)	26	(44)
	(105)	(33)	(10)	(45)
Total comprehensive income for the period	38,368	45,939	192,737	199,699
Profit for the period attributable to:				
Owners of the parent	37,972	45,417	188,560	195,950
Non-controlling interests	501	555	4,187	3,794
	38,473	45,972	192,747	199,744
Total comprehensive income for the period attributable to:				
Owners of the parent	37,867	45,384	188,550	195,905
Non-controlling interests	501	555	4,187	3,794
	38,368	45,939	192,737	199,699
Basic earnings per share attributable to owners of the parent (sen per share) :	2.7	3.2	13.2	13.8

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 SEPTEMBER 2015

	(UNAUDITED) AS AT 30.09.2015 RM'000	(AUDITED) AS AT 31.12.2014 RM'000
Assets		
Non-current assets		
Property, plant and equipment	60,281	44,091
Investment properties	580	580
Investment securities	259,208	246,900
Intangible assets	2,738,395	2,738,407
Deferred tax assets	9,413	9,413
	<u>3,067,877</u>	<u>3,039,391</u>
Current assets		
Inventories	1,165	1,131
Investment securities	63,373	67,745
Receivables	37,754	34,475
Tax recoverable	64,265	58,291
Cash and bank balances	377,084	462,110
	<u>543,641</u>	<u>623,752</u>
Total assets	<u>3,611,518</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	(29,267)	(25,588)
Reserves	1,006,152	1,031,214
Shareholders' equity	<u>2,414,634</u>	<u>2,443,375</u>
Non-controlling interests	39,633	37,766
Total equity	<u>2,454,267</u>	<u>2,481,141</u>
Non-current liabilities		
Borrowings	942,689	940,990
Deferred tax liabilities	2,530	2,530
	<u>945,219</u>	<u>943,520</u>
Current liabilities		
Borrowings	49,891	49,915
Payables	160,804	184,886
Provision for retirement benefits	1,085	1,085
Tax payable	252	2,596
	<u>212,032</u>	<u>238,482</u>
Total liabilities	<u>1,157,251</u>	<u>1,182,002</u>
Total equity and liabilities	<u>3,611,518</u>	<u>3,663,143</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.70</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 SEPTEMBER 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	-	-	(45)	-	195,950	3,794	199,699	
Dividends paid	-	-	-	-	(213,977)	(2,290)	(216,267)	
Accretion of interest arising from the acquisition of additional shares in subsidiaries	-	-	-	-	-	(20)	(20)	
Purchase of own shares	-	-	-	(7,418)	-	-	(7,418)	
At 30 September 2014	1,437,749	716,608	(675,558)	(25,074)	1,000,848	37,366	2,491,939	
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	-	-	(10)	-	188,560	4,187	192,737	
Dividends paid	-	-	-	-	(213,612)	(2,302)	(215,914)	
Accretion of interest arising from the acquisition of additional shares in a subsidiary	-	-	-	-	-	(18)	(18)	
Purchase of own shares	-	-	-	(3,679)	-	-	(3,679)	
At 30 September 2015	1,437,749	716,608	(675,595)	(29,267)	965,139	39,633	2,454,267	

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 SEPTEMBER 2015

	9 months ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	272,096	288,145
Adjustments for:		
Amortisation of intangible assets	11	10
Changes in fair value of investment securities	(525)	(8,691)
Depreciation of property, plant and equipment	4,219	6,174
Dividend income on quoted shares and unit trust	(482)	(166)
Gain on disposal of investment properties	-	(1,532)
Gain on disposal of investment securities	(2)	(192)
Gain on disposal of property, plant and equipment	(176)	(67)
Interest expense	38,363	38,187
Interest income	(12,070)	(11,774)
Property, plant and equipment written off	67	8
Provision for retirement benefits	-	681
Unrealised gain on foreign exchange	(896)	-
Operating cash flows before working capital changes	<u>300,605</u>	<u>310,783</u>
Changes in working capital:		
Inventories	(33)	170
Receivables	(3,276)	37,468
Payables	<u>(11,610)</u>	<u>(5,789)</u>
Cash flows generated from operations	285,686	342,632
Income tax paid	(87,674)	(37,582)
Real Property Gains Tax refund/(paid)	10	(196)
Retirement benefits paid	<u>-</u>	<u>(803)</u>
Net cash flows generated from operating activities	198,022	304,051
INVESTING ACTIVITIES		
Proceeds from disposals of:		
- property, plant and equipment	588	128
- investment securities	1,004	9,353
- investment properties	-	9,777
Purchase of:		
- property, plant and equipment	(21,322)	(5,132)
- investment securities	(11,386)	(3,653)
- additional shares in subsidiaries	(18)	(20)
Investment in Money Market Fund	(273)	-
Movement in cash deposits pledged	(4,920)	(207)
Net dividend received from quoted shares and unit trusts	482	656
Withdrawal of Money Market Fund	4,170	-
Interest paid	(48,770)	(49,021)
Interest received	<u>12,070</u>	<u>11,361</u>
Net cash flows used in investing activities	(68,375)	(26,758)
FINANCING ACTIVITIES		
Dividends paid to shareholders	(213,612)	(213,977)
Dividends paid to the non-controlling interests of a subsidiary	(2,302)	(2,290)
Net movement in fixed deposits with licensed bank	(7)	-
Net repayment of borrowings	-	(25,000)
Purchase of own shares	<u>(3,679)</u>	<u>(7,418)</u>
Net cash flows used in financing activities	<u>(219,600)</u>	<u>(248,685)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(89,953)	28,608
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>351,046</u>	<u>432,932</u>
Cash and cash equivalents consist of:		
Deposits, cash and bank balances	377,084	454,783
Cash deposits pledged	(25,601)	(21,651)
Cash deposits with licensed banks with maturity period of more than 3 months	<u>(437)</u>	<u>(200)</u>
	<u>351,046</u>	<u>432,932</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 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

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 September 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 from 16 February 2015 to 26 August 2015 purchased 1,388,000 of its own shares from open market at the market price ranging from RM2.53 to RM2.75 per share. The total consideration which amounted to RM3.679 million were financed by internally generated funds. These shares are being held as treasury shares.

A7 Dividends Paid

During the financial period ended 30 September 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.
- (iii) a second interim single tier dividend of 5 sen per share in respect of financial year ending 31 December 2015, amounting to RM71.2 million on 25 September 2015.

A8 Segmental Information

	9 months ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Segmental Revenue		
Gaming	2,098,142	2,158,503
Investment holding & others	198,066	196,161
	<u>2,296,208</u>	<u>2,354,664</u>
Eliminations	(197,629)	(195,537)
Total	<u>2,098,579</u>	<u>2,159,127</u>
Segmental Results		
Gaming	271,163	280,403
Investment holding & others	194,631	200,340
	<u>465,794</u>	<u>480,743</u>
Eliminations	(193,698)	(192,598)
Profit Before Tax	<u>272,096</u>	<u>288,145</u>

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 September 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 September 2015					
Current	FVTPL	63,373	-	-	63,373
Non-current	AFS & Other investment	13,143	-	246,065	259,208
		<u>76,516</u>	<u>-</u>	<u>246,065</u>	<u>322,581</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****9M 2015 vs 9M 2014**

Revenue of the Group for the 9 months ended Sept 2015 has been adjusted to set off against GST on Gaming Supply which was previously classified under Other Expenses. The reclassification will not affect the reported Profit After Tax and EPS of the previous quarter. Going forward, the commentary will be based on the adjusted revenue which is net of GST on Gaming Supply.

The Group reported a 9 months pre-tax profit of RM272.1 million compared to RM288.1 million recorded in the previous year corresponding period. The decline of RM16.0 million was mainly due to lower profit from both the Gaming division and Investment Holdings and Others division.

Gaming

Gaming sales was lower by RM60.4 million or 2.8% in the current 9 months period when compared to previous year corresponding period mainly due to weak consumer spending. In line with the lower sales coupled with GST impact, gaming pre-tax profit decreased by RM9.2 million, from RM280.4 million achieved in the previous year corresponding period to RM271.1 million in the current 9 months period.

Investment Holdings and Others

The Investment Holdings and Others division recorded a pre-tax profit of RM0.9 million when compared to the previous year corresponding period's profit of RM7.7 million mainly due to lower fair value gain of quoted investments in the current 9 months period as opposed to higher fair value gain of quoted investments and gain on disposal of properties recorded in the previous year corresponding period.

Q3 2015 vs Q3 2014

Revenue of the Group in the current quarter is net of GST on Gaming Supply.

Group revenue of RM660.2 million was lower than RM670.0 million recorded in the previous year corresponding quarter, caused mainly by the effects of GST on Gaming Supply. The pre-tax profit for the current quarter was lower at RM56.5 million as compared to RM74.7 million achieved in the previous year corresponding quarter. The decrease was mainly due to lower contribution from the Gaming division.

Gaming

Gaming sales which declined by RM9.7 million in the current quarter was mainly due to the effects of GST on Gaming Supply and weak consumer spending but mitigated by an additional draw. Pre-tax profit at RM53.1 million has reduced by RM23.6 million from RM76.8 million recorded in the previous year corresponding quarter caused by higher prizes payout and compounded by impact from GST that was introduced in April 2015.

Investment Holdings and Others

The Investment Holdings and Others division reported a pre-tax profit of RM3.4 million as compared to a pre-tax loss of RM2.0 million in the previous year corresponding quarter mainly due to fair value gain of quoted investments and unrealised forex gain in the current quarter as opposed to fair value loss of quoted investments recorded in the previous year corresponding quarter.

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

Revenue of the Group in the preceding quarter ended 30 June 2015 has been adjusted to set off against GST on Gaming Supply which was previously classified under Other Expenses. The reclassification will not affect the reported Profit After Tax and EPS of the preceding quarter. Going forward, the commentary will be based on the adjusted revenue which is net of GST on Gaming Supply. Hence, the revised Group Revenue of the preceding quarter is RM646.8 million.

Revenue from Gaming division in the current quarter was higher by RM13.3 million when compared to the immediate preceding quarter mainly due to better performing Jackpot sales in this quarter.

At Group level, pre-tax profit of RM56.5 million was lower than the preceding quarter's profit of RM 86.5 million. The decrease of RM30.0 million was mainly caused by lower gaming profit recorded by the Gaming division as a result of higher prizes payout. This was mitigated by the Investment Holdings and Others division which recorded a higher pre-tax gain, mainly due to fair value gain of quoted investments and unrealised exchange gain.

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

The introduction of GST and subsidy rationalisation by the Government, coupled with the depreciation of our currency have had an adverse impact on the disposable income of consumers. This, together with rising inflation, is likely to have a dampening effect on consumer spending and sales. The Board expects a lower but still profitable results for the current financial year.

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		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Current income tax:				
Malaysian income tax	17,795	24,021	79,074	83,489
Under/(Over) - provision in prior years	284	4,728	285	4,716
	18,079	28,749	79,359	88,205
Real property gains tax	(10)	-	(10)	196
Total income tax expense	18,069	28,749	79,349	88,401

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 September 2015 is as follows:

	Secured RM'000
Long term	
Medium term notes	942,689
Short term	
Medium term notes	49,891
Total	992,580

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

In the light of higher prizes payout which impacted the performance of the Group this quarter, the Board of Directors has decided to declare a third interim single tier dividend of 2.5% for the financial year ending 31 December 2015 to be paid on 28 December 2015 to shareholders registered on the Register of Depositors at the close of business on 9 December 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		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Profit for the period attributable to owners of the parent (RM'000)	37,972	45,417	188,560	195,950
Weighted average number of ordinary share in issue ('000)	1,424,268	1,426,859	1,424,268	1,426,859
Basic EPS (sen)	2.7	3.2	13.2	13.8

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 30.09.2015 RM'000	9 months ended 30.09.2015 RM'000
The profit before taxation for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	2	11
Changes in fair value of investment securities	(2,626)	(525)
Depreciation of property, plant and equipment	2,036	4,219
Interest expense	12,973	38,363
Interest income	(3,978)	(12,070)
Property, plant and equipment written off	58	67
Dividend income on quoted shares and unit trust	(125)	(482)
Gain on disposal of property, plant and equipment	(12)	(176)
Gain on disposal of investment securities	-	(2)

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B14 Retained profits**

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits		
- realised	2,856,311	2,831,916
- unrealised	13,660	14,030
Less : Consolidation adjustments	(1,904,832)	(1,855,755)
Retained profits as per Statement of Changes in Equity	<u>965,139</u>	<u>990,191</u>

By Order Of The Board

**Company Secretary
20 November 2015**