



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

INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000 (Unaudited)	31.12.2014 RM'000 (Audited)
Revenue	668,431	727,414	2,767,010	2,886,541
Cost of sales	(568,875)	(595,724)	(2,293,795)	(2,374,990)
Gross profit	99,556	131,690	473,215	511,551
Other income	4,612	904	19,291	24,821
Administrative expenses	(6,864)	(7,734)	(29,377)	(30,643)
Other expenses	(21,782)	(25,714)	(77,148)	(80,251)
Operating profit	75,522	99,146	385,981	425,478
Finance costs	(13,036)	(13,581)	(51,399)	(51,768)
Profit before tax	62,486	85,565	334,582	373,710
Income tax expense	(22,000)	(24,358)	(101,349)	(112,759)
Profit for the period / year	40,486	61,207	233,233	260,951
Other comprehensive income				
Foreign currency translation	6	(2)	(30)	(3)
Changes in fair value of available-for-sale ("AFS") assets	130	(25)	156	(69)
	136	(27)	126	(72)
Total comprehensive income for the period / year	40,622	61,180	233,359	260,879
Profit for the period / year attributable to:				
Owners of the parent	39,541	60,588	228,101	256,538
Non-controlling interests	945	619	5,132	4,413
	40,486	61,207	233,233	260,951
Total comprehensive income attributable to:				
Owners of the parent	39,677	60,561	228,227	256,466
Non-controlling interests	945	619	5,132	4,413
	40,622	61,180	233,359	260,879
Basic earnings per share attributable to owners of the parent (sen per share) :	2.8	4.2	16.0	18.0

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 31 DECEMBER 2015

	(UNAUDITED) AS AT 31.12.2015 RM'000	(AUDITED) AS AT 31.12.2014 RM'000
Assets		
Non-current assets		
Property, plant and equipment	55,887	44,091
Investment properties	580	580
Investment securities	260,087	246,900
Intangible assets	2,738,390	2,738,407
Deferred tax assets	4,964	9,413
	<u>3,059,908</u>	<u>3,039,391</u>
Current assets		
Inventories	1,284	1,131
Investment securities	90,752	67,745
Receivables	34,357	34,475
Tax recoverable	73,736	58,291
Cash and bank balances	361,175	462,110
	<u>561,304</u>	<u>623,752</u>
Total assets	<u>3,621,212</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	(29,866)	(25,588)
Reserves	1,010,252	1,031,214
Shareholders' equity	<u>2,418,135</u>	<u>2,443,375</u>
Non-controlling interests	40,440	37,766
Total equity	<u>2,458,575</u>	<u>2,481,141</u>
Non-current liabilities		
Borrowings	943,208	940,990
Deferred tax liabilities	2,717	2,530
	<u>945,925</u>	<u>943,520</u>
Current liabilities		
Borrowings	49,922	49,915
Payables	165,897	185,971
Tax payable	893	2,596
	<u>216,712</u>	<u>238,482</u>
Total liabilities	<u>1,162,637</u>	<u>1,182,002</u>
Total equity and liabilities	<u>3,621,212</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 YEAR ENDED 31 DECEMBER 2015

	----- Attributable to Equity Holders of the Company -----						NON- CONTROLLING INTERESTS	TOTAL
	----- Non-distributable -----							
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	OTHER RESERVES RM'000	TREASURY SHARES RM'000	RETAINED PROFITS RM'000		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 (loss)/income for the year	-	-	(72)	-	256,538	4,413	260,879	
Dividends paid	-	-	-	-	(285,222)	(2,290)	(287,512)	
Accretion of interest arising from the acquisition of additional shares in subsidiaries	-	-	-	-	-	(239)	(239)	
Purchase of own shares	-	-	-	(7,932)	-	-	(7,932)	
At 31 December 2014	1,437,749	716,608	(675,585)	(25,588)	990,191	37,766	2,481,141	
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 year	-	-	126	-	228,101	5,132	233,359	
Dividends paid	-	-	-	-	(249,189)	(2,440)	(251,629)	
Accretion of interest arising from the acquisition of additional shares in a subsidiary	-	-	-	-	-	(18)	(18)	
Purchase of own shares	-	-	-	(4,278)	-	-	(4,278)	
At 31 December 2015	1,437,749	716,608	(675,459)	(29,866)	969,103	40,440	2,458,575	

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 YEAR ENDED 31 DECEMBER 2015

	12 months ended	
	31.12.2015	31.12.2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	334,582	373,710
Adjustments for:		
Allowance for impairment - receivables	-	361
Amortisation of intangible assets	16	15
Bad debt written off	13	-
Changes in fair value of investment securities	1,506	(3,773)
Depreciation of property, plant and equipment	6,416	8,489
Dividend income on quoted shares and unit trust	(846)	(1,136)
Gain on disposal of investment properties	-	(1,532)
Gain on disposal of investment securities	(2)	(192)
Gain on disposal of property, plant and equipment	(268)	(203)
Interest expense	51,399	51,768
Interest income	(16,638)	(15,544)
Property, plant and equipment written off	2,739	294
Provision for retirement benefits	-	683
Unrealised gain on foreign exchange	(1,647)	-
Operating cash flows before working capital changes	<u>377,270</u>	<u>412,940</u>
Changes in working capital:		
Inventories	(152)	316
Receivables	107	38,866
Payables	<u>(17,868)</u>	<u>4,698</u>
Cash flows generated from operations	359,357	456,820
Income tax paid	(113,830)	(69,220)
Real Property Gains Tax refund/(paid)	10	(200)
Retirement benefits paid	<u>-</u>	<u>(805)</u>
Net cash flows generated from operating activities	245,537	386,595
INVESTING ACTIVITIES		
Proceeds from disposals of:		
- property, plant and equipment	680	530
- investment securities	1,004	6,353
- investment properties	-	9,777
Purchase of:		
- property, plant and equipment	(21,797)	(12,905)
- investment securities	(11,386)	(3,797)
- additional shares in subsidiaries	(18)	(239)
Investment in Money Market Fund	(30,640)	-
Movement in cash deposits pledged	(5,174)	763
Net dividend received from quoted shares and unit trusts	846	1,136
Withdrawal of Money Market Fund	4,170	3,000
Interest paid	(48,851)	(49,354)
Interest received	15,427	15,490
Net cash flows used in investing activities	(95,739)	(29,246)
FINANCING ACTIVITIES		
Dividends paid to shareholders	(249,189)	(285,222)
Dividends paid to the non-controlling interests of a subsidiary	(2,440)	(2,290)
Net movement in fixed deposits with licensed bank	193	(230)
Net repayment of borrowings	-	(25,000)
Purchase of own shares	<u>(4,278)</u>	<u>(7,932)</u>
Net cash flows used in financing activities	(255,714)	(320,674)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(105,916)	36,675
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	440,999	404,324
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>335,083</u>	<u>440,999</u>
Cash and cash equivalents consist of:		
Deposits, cash and bank balances	361,175	462,110
Cash deposits pledged	(25,855)	(20,681)
Cash deposits with licensed banks with maturity period of more than 3 months	<u>(237)</u>	<u>(430)</u>
	<u>335,083</u>	<u>440,999</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

* The effective date of these Standards have been deferred, and yet to be announced by MASB.

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 year ended 31 December 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 year.

A6 Changes in Debt and Equity Securities

The Company had from 16 February 2015 to 25 November 2015 purchased 1,618,000 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 RM4.278 million were financed by internally generated funds. These shares are being held as treasury shares.

A7 Dividends Paid

During the financial year ended 31 December 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;
- (ii) a first interim single tier dividend of 5 sen per share in respect of financial year ended 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 ended 31 December 2015, amounting to RM71.2 million on 25 September 2015; and
- (iv) a third interim single tier dividend of 2.5 sen per share in respect of financial year ended 31 December 2015, amounting to RM35.6 million on 28 December 2015.

A8 Segmental Information

	12 months ended	
	31.12.2015	31.12.2014
	RM'000	RM'000
Segmental Revenue		
Gaming	2,766,498	2,885,390
Investment holding & others	238,539	271,515
	<u>3,005,037</u>	<u>3,156,905</u>
Eliminations	(238,027)	(270,364)
Total	<u>2,767,010</u>	<u>2,886,541</u>
Segmental Results		
Gaming	335,259	370,175
Investment holding & others	232,144	268,570
	<u>567,403</u>	<u>638,745</u>
Eliminations	(232,821)	(265,035)
Profit Before Tax	<u>334,582</u>	<u>373,710</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 year 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 year ended 31 December 2015 other than the re-consolidation of a wholly owned subsidiary, MPIB Nominess (Tempatan) Sdn Bhd ("MNTSB"). As previously announced on 13 November 2015, the re-consolidation of MNTSB did not have any material impact on the Group's earnings and net assets in the current financial year.

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 December 2015					
Current	FVTPL	90,752	-	-	90,752
Non-current	AFS & Other investment	13,273	-	246,814	260,087
		<u>104,025</u>	<u>-</u>	<u>246,814</u>	<u>350,839</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

12M 2015 vs 12M 2014

Group revenue for the current year has been adjusted net of GST on Gaming Supply which came into effect since 1 April 2015.

The Group registered total revenue of RM2,767.0 million for the year ended 31 December 2015, which is RM119.5 million lower than last year whilst the Group pre-tax profit was lower by RM39.1 million at RM334.6 million.

The lower Group revenue and pre-tax profit came mainly from the Gaming division with a marginal loss recorded by the Investment Holdings and Others division.

Gaming

Gaming sales was lower by 4.1% when compared to the previous year. The lower sales was attributed to the current year having one less draw than last year and this is compounded by a generally weak consumer spending environment and intense competition from illegal operators. With a softer sales environment together with the effects of GST on gaming supply, net of a marginally better prizes payout, gaming pre-tax profit for the year decreased by RM34.9 million to RM337.6 million.

Investment Holdings and Others

The Investment Holdings and Others division recorded a pre-tax loss of RM0.7 million when compared to the previous year profit of RM3.5 million. This is attributed to fair value loss of quoted investments in the current year as against last year's fair value gain of quoted investments and gain from disposal of properties.

Q4 2015 vs Q4 2014

Group revenue is lower by RM58.9 million at RM668.4 million and the pre-tax profit is lower by RM23.1 million at RM62.5 million, when compared to the previous year corresponding quarter. The lower Group revenue and pre-tax profit was mainly due to lower contribution from the Gaming division.

Gaming

Gaming sales which declined by RM58.5 million in the current quarter was mainly due to one less draw in this quarter, weak consumer spending and the effects of GST on gaming supply. The effects of lower sales coupled with higher prizes payout in this quarter had led to the pre-tax profit declining by RM25.7 million to RM64.1 million.

Investment Holdings and Others

The Investment Holdings and Others division reported a pre-tax loss of RM1.6 million as compared to a higher pre-tax loss of RM4.2 million in the previous year corresponding quarter mainly due to lower fair value loss of investments in the current quarter.

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

Revenue of the Group is marginally higher by RM8.3 million when compared with that recorded in the preceding quarter ended 30 September 2015. This is mainly attributed to the Gaming division.

The Gaming division revenue was higher this quarter due to one extra draw but was curtailed by lower average sales per draw when compared to the preceding quarter.

Group pre-tax profit of RM62.5 million was higher than the preceding quarter's profit of RM56.5 million. The increase of RM6.0 million was attributed to higher gaming profits as a result of lower prizes payout, net of a loss in the Investment Holdings and Others division arising from adverse fair value movement of quoted investments.

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 the Malaysian currency have had an adverse impact on the disposable income of consumers. These, together with rising inflation and intense competition from illegal operators, are likely to have a dampening effect on consumer spending and sales of the NFO industry. However, having recently increased our product offering with the 24th January 2016 launch of the new 4D Powerball jackpot game, the Board expects the Group to continue to be profitable in the next 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		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Malaysian income tax	16,407	32,667	95,481	116,156
Under/(Over) provision in prior years	957	(272)	1,242	4,444
	<u>17,364</u>	<u>32,395</u>	<u>96,723</u>	<u>120,600</u>
Deferred tax				
Relating to origination and reversal of temporary differences	5,326	(4,625)	5,326	(4,625)
(Over)/Under provision in prior years	(690)	(3,416)	(690)	(3,416)
	<u>4,636</u>	<u>(8,041)</u>	<u>4,636</u>	<u>(8,041)</u>
Real property gains tax	-	4	(10)	200
Total income tax expense	<u>22,000</u>	<u>24,358</u>	<u>101,349</u>	<u>112,759</u>

The effective tax rate of the Group for the current and the previous year 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 31 December 2015 is as follows:

	Secured RM'000
Long term	
Medium term notes	943,208
Short term	
Medium term notes	49,922
Total	<u>993,130</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 fourth interim single tier dividend of 3.5% for the financial year ended 31 December 2015 to be paid on 25 March 2016 to shareholders registered on the Register of Depositors at the close of business on 15 March 2016.

B11 Basic Earnings Per Share

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

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Profit for the period / year attributable to owners of the parent (RM'000)	39,541	60,588	228,101	256,538
Weighted average number of ordinary share in issue ('000)	1,423,992	1,426,359	1,423,992	1,426,359
Basic EPS (sen)	2.8	4.2	16.0	18.0

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	12 months ended
	31.12.2015 RM'000	31.12.2015 RM'000
The profit before taxation for the period/year is arrived at after charging/(crediting):		
Amortisation of intangible assets	5	16
Changes in fair value of investment securities	2,031	1,506
Depreciation of property, plant and equipment	2,197	6,416
Interest expense	13,036	51,399
Property, plant and equipment written off	2,672	2,739
Interest income	(4,568)	(16,638)
Dividend income on quoted shares and unit trust	(364)	(846)
Gain on disposal of property, plant and equipment	(92)	(268)
Gain on disposal of investment securities	-	(2)

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B14 Retained profits

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits		
- realised	2,893,386	2,831,916
- unrealised	9,536	14,030
Less : Consolidation adjustments	(1,933,819)	(1,855,755)
Retained profits as per Statement of Changes in Equity	<u>969,103</u>	<u>990,191</u>

By Order Of The Board

Company Secretary
25 February 2016