



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

INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2016
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Revenue	752,563	791,276
Cost of sales	<u>(616,108)</u>	<u>(622,042)</u>
Gross profit	136,455	169,234
Other income	4,302	4,932
Administrative expenses	(8,107)	(7,714)
Other expenses	<u>(22,323)</u>	<u>(24,814)</u>
Operating profit	110,327	141,638
Finance costs	<u>(12,883)</u>	<u>(12,633)</u>
Profit before tax	97,444	129,005
Income tax expense	<u>(27,595)</u>	<u>(35,472)</u>
Profit for the financial period	<u>69,849</u>	<u>93,533</u>
Other comprehensive income		
Foreign currency translation	15	(8)
Change in fair value of available-for-sale ("AFS") investments	679	87
	694	79
Total comprehensive income for the financial period	<u>70,543</u>	<u>93,612</u>
Profit for the financial period attributable to:		
Owners of the Company	68,840	90,763
Non-controlling interests	<u>1,009</u>	<u>2,770</u>
	<u>69,849</u>	<u>93,533</u>
Total comprehensive income for the financial period attributable to:		
Owners of the Company	69,534	90,842
Non-controlling interests	<u>1,009</u>	<u>2,770</u>
	<u>70,543</u>	<u>93,612</u>
Earnings per share attributable to owners		
of the Company (sen per share) :		
Basic	<u>4.84</u>	<u>6.37</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 2015 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016

	(UNAUDITED) AS AT 31.03.2016 RM'000	(AUDITED) AS AT 31.12.2015 RM'000
Assets		
Non-current assets		
Property, plant and equipment	60,163	55,886
Investment properties	580	580
Investment securities	260,433	260,087
Intangible assets	2,738,626	2,738,392
Deferred tax assets	3,894	3,894
	3,063,696	3,058,839
Current assets		
Inventories	1,153	1,284
Investment securities	89,612	90,752
Receivables	24,830	34,351
Tax recoverable	74,623	75,779
Deposits, cash and bank balances	406,660	361,156
	596,878	563,322
Total Assets	3,660,574	3,622,161
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	1,437,749	1,437,749
Treasury Shares	(30,068)	(29,866)
Reserves	1,029,649	1,009,920
Shareholders' equity	2,437,330	2,417,803
Non-controlling interests	41,442	40,433
Total equity	2,478,772	2,458,236
Non-current liabilities		
Borrowings	943,712	943,208
Deferred tax liabilities	3,839	3,839
	947,551	947,047
Current liabilities		
Borrowings	49,952	49,922
Payables	184,299	165,842
Tax payable	-	1,114
	234,251	216,878
Total liabilities	1,181,802	1,163,925
Total equity and liabilities	3,660,574	3,622,161
Net assets per share attributable to owners of the Company (RM)	1.71	1.70

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016**

	----- Attributable to Owners 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 2015	1,437,749	716,608	(675,585)	(25,588)	990,191	37,766	2,481,141
Total comprehensive income for the financial period	-	-	79	-	90,763	2,770	93,612
Dividends paid	-	-	-	-	(71,228)	-	(71,228)
Purchase of own shares	-	-	-	(991)	-	-	(991)
At 31 March 2015	1,437,749	716,608	(675,506)	(26,579)	1,009,726	40,536	2,502,534
At 1 January 2016	1,437,749	716,608	(674,503)	(29,866)	967,815	40,433	2,458,236
Total comprehensive income for the financial period	-	-	694	-	68,840	1,009	70,543
Dividends paid	-	-	-	-	(49,805)	-	(49,805)
Purchase of own shares	-	-	-	(202)	-	-	(202)
At 31 March 2016	1,437,749	716,608	(673,809)	(30,068)	986,850	41,442	2,478,772

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 2015 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	97,444	129,005
Adjustments for:		
Amortisation of intangible assets	6	4
Changes in fair value of investment securities	1,558	(61)
Depreciation of property, plant and equipment	1,469	1,096
Gain on disposal of property, plant and equipment	(20)	-
Interest expense	12,883	12,633
Interest income	(3,862)	(4,213)
Loss on disposal of investment securities	-	2
Property, plant and equipment written off	-	2
Unrealised loss on foreign exchange	333	-
Operating cash flows before working capital changes	<u>109,811</u>	<u>138,468</u>
Changes in working capital:		
Inventories	131	(238)
Receivables	9,554	4,628
Payables	<u>30,530</u>	<u>(11,992)</u>
Cash flows generated from operations	150,026	130,866
Income tax refund	955	-
Income tax paid	<u>(28,508)</u>	<u>(31,282)</u>
Net cash flows generated from operating activities	122,473	99,584
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	20	-
Proceeds from disposal of investment securities	-	199
Purchase of :		
- property, plant and equipment	(5,746)	(6,539)
- investment securities	(418)	-
- intangible assets	(240)	-
Movement in cash deposits pledged	(6)	282
Net dividend received from unit trusts	145	91
Withdrawal of investment funds	-	4,170
Interest paid	(24,618)	(24,324)
Interest received	3,895	4,257
Net cash flows used in investing activities	<u>(26,968)</u>	<u>(21,864)</u>
FINANCING ACTIVITIES		
Dividends paid to shareholders	(49,805)	(71,228)
Net movement in fixed deposits with licensed bank	(4)	(3)
Purchase of own shares	<u>(202)</u>	<u>(991)</u>
Net cash flows used in financing activities	<u>(50,011)</u>	<u>(72,222)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,494	5,498
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>335,064</u>	<u>440,999</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>380,558</u>	<u>446,497</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	406,660	467,329
Cash deposits pledged	(25,861)	(20,399)
Cash deposits with licensed banks with maturity period of more than 3 months	(241)	(433)
	<u>380,558</u>	<u>446,497</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 2015 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 2015. 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 2015.

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 2015, 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 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 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

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 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 2017

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10 and MRFS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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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 :

MFRS 9, Financial Instruments

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.

A EXPLANATORY NOTES PURSUANT TO MFRS 134**A2 Significant Accounting Policies (Cont'd.)****MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement Contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard requires lessees to present right-of-use assets and lease liabilities on the statement of financial position and to recognise the following for leases at the commencement date :

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

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 2016.

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

The Company had on 1 March 2016 purchased 80,000 of its own shares from open market at an average market price of RM2.52 per share. The total consideration which amounted to RM0.202 million (inclusive of brokerage fees and stamp duty) were financed by internally generated funds. These shares are being held as treasury shares.

A7 Dividends Paid

During the financial period ended 31 March 2016, the Company has paid a fourth interim single tier dividend of 3.5 sen per share in respect of financial year ended 31 December 2015, amounting to RM49.805 million on 25 March 2016.

A8 Segmental Information

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Segmental Revenue		
Gaming	752,515	791,239
Investment holding & others	31,491	72,666
	<u>784,006</u>	<u>863,905</u>
Eliminations	(31,443)	(72,629)
Total	<u>752,563</u>	<u>791,276</u>
Segmental Results		
Gaming	99,718	129,093
Investment holding & others	27,741	71,148
	<u>127,459</u>	<u>200,241</u>
Eliminations	(30,015)	(71,236)
Profit Before Tax	<u>97,444</u>	<u>129,005</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 31 March 2016.

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) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 2016					
Current	FVTPL	89,612	-	-	89,612
Non-current	AFS investments	13,221	-	247,212	260,433
		<u>102,833</u>	<u>-</u>	<u>247,212</u>	<u>350,045</u>
31 December 2015					
Current	FVTPL	90,752	-	-	90,752
Non-current	AFS investments	13,273	-	246,814	260,087
		<u>104,025</u>	<u>-</u>	<u>246,814</u>	<u>350,839</u>

A12 Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last audited reporting date as at 31 December 2015.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of Performance of the Group****3M 2016 vs 3M 2015**

The Group registered total revenue of RM752.6 million for the current quarter, which is RM38.7 million lower than previous year corresponding quarter of RM791.3 million. With the lower revenue, the profit before tax has decreased by RM31.6 million to RM97.4 million when compared to RM129.0 million achieved in the previous year corresponding quarter. The lower Group revenue and pre-tax profit came mainly from the Gaming division.

Gaming

Gaming sales for the current quarter at RM752.5 million was lower than the previous year corresponding quarter by 4.9% or RM38.7 million, of which 1.5% was due to the effects of Goods and Services Tax ("GST") as revenue in the current quarter is presented net of GST on gaming supply. GST was implemented with effect from 1 April 2015. The decline was also due to intense competition from illegal operators, weak consumer spending and lower sales from the Jackpot games as Jackpot prize pools were lower this quarter compared to the corresponding previous year quarter.

With the lower sales net of GST on gaming supply and the higher prizes payout, the Gaming pre-tax profit decreased by RM29.4 million from RM129.1 million recorded in the previous year corresponding quarter to RM99.7 million achieved in the current quarter.

Investment Holding and Others

Investment Holding and Others division recorded an unfavourable variance in the current quarter mainly due to fair value loss on investments in the current quarter as compared to fair value gain on investments in the previous year corresponding quarter, forex translation loss and lower interest income.

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

The pre-tax profit for the current quarter was higher at RM97.4 million as compared to RM61.6 million recorded in the immediate preceding quarter. This is mainly due to higher seasonal Chinese New Year festival sales in the current quarter as compared to the immediate preceding quarter, sales generated from the newly launched 4D Powerball jackpot game and a comparatively lower prizes payout.

B3 Prospects

The Malaysian economy is expected to grow at a rate of 4.0% - 4.5% in 2016. However, the challenging economic environment and rising costs which impacted households income will likely weigh on our gaming revenue.

Amidst such uncertainties in the economic environment, the Board will strive to innovate product, improve operational efficiency and enhance customer service to push sales for all our games.

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	
	31.03.2016	31.03.2015
	RM'000	RM'000
Current income tax:		
Malaysian income tax	27,650	35,471
(Over)/under-provision in prior years	(55)	1
Total income tax expense	27,595	35,472

The effective tax rate of the Group for the current and the previous corresponding quarter was higher than the statutory tax rate mainly due to 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 2016 is as follows:

	Secured RM'000
Long term	
Medium term notes	943,712
Short term	
Medium term notes	49,952
Total	<u>993,664</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 4 sen per share (2015 : 5 sen per share) for the financial year ending 31 December 2016 to be paid on 24 June 2016 to shareholders registered on the Register of Depositors at the close of business on 10 June 2016.

B11 Basic Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the profit for the financial period attributable to owners 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	
	31.03.2016	31.03.2015
Profit for the financial period attributable to owners of the Company (RM'000)	68,840	90,763
Weighted average number of ordinary shares in issue ('000)	1,423,069	1,424,642
Basic EPS (sen)	<u>4.84</u>	<u>6.37</u>

B12 Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B13 Profit before tax

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
The profit before taxation for the financial period is arrived at after charging/(crediting):		
Amortisation of intangible assets	6	4
Changes in fair value of investment securities	1,558	(61)
Depreciation of property, plant and equipment	1,469	1,096
Gain on disposal of property, plant and equipment	(20)	-
Interest expense	12,883	12,633
Interest income	(3,862)	(4,213)
Loss on disposal of investment securities	-	2
Property, plant and equipment written off	-	2
Unrealised loss on foreign exchange	333	-

B14 Retained profits

	As at	As at
	31.03.2016	31.12.2015
	RM'000	RM'000
Total retained profits		
- realised	2,912,279	2,879,605
- unrealised	20,142	22,029
Less: Consolidation adjustments	(1,945,571)	(1,933,819)
Retained profits as per Statement of Changes in Equity	<u>986,850</u>	<u>967,815</u>

By Order Of The Board

Company Secretary
26 May 2016