



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

**INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	724,405	675,086	2,704,254	2,649,207
Cost of sales	(577,993)	(550,422)	(2,201,205)	(2,199,259)
Gross profit	146,412	124,664	503,049	449,948
Other income	7,264	4,635	19,006	15,827
Administrative expenses	(11,458)	(8,213)	(37,575)	(33,474)
Other expenses	(24,144)	(23,776)	(120,744)	(76,276)
Operating profit	118,074	97,310	363,736	356,025
Finance costs	(13,128)	(10,993)	(50,402)	(49,399)
Profit before tax	104,946	86,317	313,334	306,626
Income tax expense	(32,120)	(33,135)	(205,922)	(97,319)
Profit for the financial year	72,826	53,182	107,412	209,307
Other comprehensive income				
Foreign currency translation	(12)	7	(17)	22
Change in fair value of financial assets at fair-value-through-other comprehensive income	-	(503)	(32)	(586)
	(12)	(496)	(49)	(564)
Total comprehensive income for the financial year	72,814	52,686	107,363	208,743
Profit for the financial year attributable to:				
Owners of the Company	72,267	52,658	104,749	206,470
Non-controlling interests	559	524	2,663	2,837
	72,826	53,182	107,412	209,307
Total comprehensive income for the financial year attributable to:				
Owners of the Company	72,255	52,162	104,700	205,906
Non-controlling interests	559	524	2,663	2,837
	72,814	52,686	107,363	208,743
Earnings per share attributable to owners of the Company (sen per share) :				
Basic	5.08	3.70	7.36	14.51

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	(UNAUDITED) AS AT 31.12.2018 RM'000	(AUDITED) AS AT 31.12.2017 RM'000
Assets		
Non-current assets		
Property, plant and equipment	65,093	63,993
Investment properties	546	553
Investment securities	290,352	256,062
Intangible assets	2,738,346	2,738,362
Deferred tax assets	11,538	7,637
	<u>3,105,875</u>	<u>3,066,607</u>
Current assets		
Inventories	1,075	1,104
Investment securities	34,181	45,877
Receivables	29,452	32,006
Tax recoverable	2,733	52,196
Deposits, cash and bank balances	503,885	334,610
	<u>571,326</u>	<u>465,793</u>
Total Assets	<u>3,677,201</u>	<u>3,532,400</u>
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	2,154,357	2,154,357
Treasury Shares	(30,205)	(30,205)
Reserves	247,054	355,796
Shareholders' equity	<u>2,371,206</u>	<u>2,479,948</u>
Non-controlling interests	40,730	40,416
Total equity	<u>2,411,936</u>	<u>2,520,364</u>
Non-current liabilities		
Borrowings	713,480	597,363
Deferred tax liabilities	1,257	1,510
	<u>714,737</u>	<u>598,873</u>
Current liabilities		
Borrowings	224,426	224,628
Payables	266,419	182,841
Tax payable	59,683	5,694
	<u>550,528</u>	<u>413,163</u>
Total liabilities	<u>1,265,265</u>	<u>1,012,036</u>
Total equity and liabilities	<u>3,677,201</u>	<u>3,532,400</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.67</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 2017 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	----- Attributable to Owners of the Company -----					NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY 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 2017	1,437,749	716,608	(673,465)	(30,188)	965,367	40,093	2,456,164
Adjustment for effects of Companies Act 2016	716,608	(716,608)	-	-	-	-	-
Total comprehensive income for the financial year	-	-	(564)	-	206,470	2,837	208,743
Dividends paid	-	-	-	-	(142,296)	-	(142,296)
Dividends paid to non-controlling interests						(2,303)	(2,303)
Purchase of own shares	-	-	-	(17)	-	-	(17)
Acquisition of additional shares in a subsidiary from non-controlling interests	-	-	-	-	-	(211)	(211)
Realisation of fair value loss on AFS investments upon maturity	-	-	284	-	-	-	284
At 31 December 2017	2,154,357	-	(673,745)	(30,205)	1,029,541	40,416	2,520,364
At 1 January 2018	2,154,357	-	(673,745)	(30,205)	1,029,541	40,416	2,520,364
Total comprehensive income for the financial year	-	-	(49)	-	104,749	2,663	107,363
Dividends paid	-	-	-	-	(213,442)	-	(213,442)
Dividends paid to non-controlling interests	-	-	-	-	-	(2,234)	(2,234)
Acquisition of additional shares in a subsidiary from non-controlling interests	-	-	-	-	-	(115)	(115)
At 31 December 2018	2,154,357	-	(673,794)	(30,205)	920,848	40,730	2,411,936

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 2017 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000
OPERATING ACTIVITIES		
Profit before tax	313,334	306,626
Adjustments for:		
Non-cash items	10,488	14,103
Non-operating items	33,264	33,566
Operating cash flows before working capital changes	357,086	354,295
Changes in working capital:		
Inventories	29	128
Receivables	2,638	(1,808)
Payables	80,037	7,823
Cash flows generated from operations	439,790	360,438
Income tax refund	2,320	1,704
Real Property Gains Tax refund	16	-
Income tax paid	(108,961)	(65,159)
Net cash flows generated from operating activities	333,165	296,983
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	642	155
- investment securities	9,955	13,000
Purchase of :		
- investment securities	(34,321)	(13,089)
- property, plant and equipment	(12,025)	(11,206)
- additional shares in a subsidiary	(115)	(211)
Movement in cash deposits pledged	(507)	(480)
Net dividend received from quoted shares and unit trusts	120	533
Interest received	18,437	13,895
Net cash flows (used)/generated in investing activities	(17,814)	2,597
FINANCING ACTIVITIES		
Dividends paid to shareholders	(213,442)	(142,296)
Dividends paid to the non-controlling interests of subsidiaries	(2,234)	(2,303)
Repayment of borrowings	(10,000)	(175,000)
Net movement in fixed deposits with licensed bank	(4)	(8)
Purchase of own shares	-	(17)
Issuance of medium term notes	125,000	-
Interest paid	(45,330)	(49,899)
Transaction cost paid	(577)	-
Net cash flows used in financing activities	(146,587)	(369,523)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	168,764	(69,943)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	307,419	377,362
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	476,183	307,419
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	503,885	334,610
Cash deposits pledged	(27,445)	(26,938)
Cash deposits with licensed banks with maturity period of more than 3 months	(257)	(253)
	476,183	307,419

These condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2017. 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 2017.

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 2017, except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretation during the current financial year :

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 1 (Annual Improvements to MFRSs 2014-2016 Cycle)	First-time Adoption of MFRS
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above does not have a material impact on the financial statements of the Group in the period of initial application. The adoption of MFRS 9 is described below :

MFRS 9 : Financial Instruments

The Group and the Company adopted MFRS 9 Financial Instruments on 1 January 2018. MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. Retrospective application is required, but comparative information is not compulsory.

(a) Classification and measurement

MFRS 9 contains three classification categories of 'measured at amortised cost', 'fair-value-through-other comprehensive income' ("FVOCI") and 'fair-value-through-profit or loss' ("FVTPL"). MFRS 9 eliminates the existing MFRS 139 categories of 'loans and receivables', 'held-to-maturity' and 'available-for-sale' ("AFS").

The Group and the Company do not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of MFRS 9. All financial assets previously held at fair value will continue to be measured by FVTPL while quoted equity shares previously held as AFS is measured at FVOCI.

The equity shares in non-listed companies are intended to be held for the foreseeable future and is classified as FVOCI. Included in these FVOCI investments is an unquoted investment which is carried at cost at RM277 million (2017 : RM243 million). The Group has appointed a professional valuer to perform fair value assessment of the unquoted investments and concluded that due to the lack of quoted market price and as there is a wide range of possible fair value measurements, cost will represent the best estimate of fair value within that range.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9.

(b) Impairment

MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. With regard to the impact of the expected loss model on trade receivables, the Directors do not anticipate that the application of expected credit loss model of MFRS 9 will have a material financial impact to the Group's financial statements.

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

At the date of authorisation of this unaudited interim financial statements, the following MFRSs, amendments to MFRSs and IC Interpretation 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 2019

MFRS 16	Leases
Amendments to MFRS 3 (Annual Improvements to MFRSs 2015-2017 Cycle)	Business Combinations
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11 (Annual Improvements to MFRSs 2015-2017 Cycle)	Joint Arrangements
Amendments to MFRS 112 (Annual Improvements to MFRSs 2015-2017 Cycle)	Income Taxes
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123 (Annual Improvements to MFRSs 2015-2017 Cycle)	Borrowing Costs
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 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 standards and IC Interpretations will have no material impact on the financial statements of the Group upon their initial application.

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 2018, except for the final tax settlement and tax penalty payable arising from the legal dispute, amounting to RM148.1 million.

Despite the year of assessment covered under the Consent Judgement being from 2008 to 2015, the current accounting standard does not allow these prior years' matter being treated as prior year adjustments and as such there will be a one-off and non-recurring adverse financial impact to the Basic Earnings Per Share and Net Assets Per Share amounting to 10.4 sen. This one-off and non-recurring settlements have no impact on the current financial year's operations or performance before taxation.

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

There were no changes in debt and equity securities in the current financial year.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd.)

A7 Dividends Paid

During the financial year ended 31 December 2018, the Company has paid the following dividends:

- (i) a third interim single tier dividend of 4.0 sen per share in respect of financial year ended 31 December 2017, amounting to RM56.918 million on 30 March 2018;
- (ii) a first interim single tier dividend of 4.0 sen per share in respect of financial year ended 31 December 2018, amounting to RM56.918 million on 29 June 2018;
- (iii) a second interim single tier dividend of 3.0 sen per share in respect of financial year ended 31 December 2018, amounting to RM42.689 million on 28 September 2018; and
- (iv) a third interim single tier dividend of 4.0 sen per share in respect of financial year ended 31 December 2018, amounting to RM56.918 million on 28 December 2018.

A8 Segmental Information

	12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000
Segmental Revenue		
Gaming	2,704,053	2,648,494
Investment holdings & others	270,812	161,786
	2,974,865	2,810,280
Eliminations	(270,611)	(161,073)
Total	2,704,254	2,649,207
Segmental Results		
Gaming	352,617	314,161
Investment holdings & others	222,951	140,221
	575,568	454,382
Eliminations	(262,234)	(147,756)
Profit Before Tax	313,334	306,626

A9 Material Subsequent Events

There were no material subsequent events since the end of the current financial year.

A10 Changes in Composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 2018.

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 December 2018					
Current	FVTPL	34,181	-	-	34,181
Non-current	FVOCI	13,025	-	-	13,025
		47,206	-	-	47,206
31 December 2017					
Current	FVTPL	41,003	-	-	41,003
Current	AFS investments	-	-	4,874	4,874
Non-current	AFS investments	13,057	-	-	13,057
		54,060	-	4,874	58,934

A12 Contingent Liabilities

Other than as disclosed in Note B9, there were no changes in contingent liabilities or contingent assets since the last audited reporting date as at 31 December 2017.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of Performance of the Group****Quarter ended 31 December 2018 versus the same quarter in 2017**

	3 months ended		Changes	
	31.12.2018 RM'000	31.12.2017 RM'000	RM'000	%
Revenue				
- Gaming	724,368	674,703	49,665	7.4%
- Investment holding and others	37	383	(346)	-90.3%
	724,405	675,086	49,319	7.3%
Profit/(Loss) before tax				
- Gaming	103,254	88,853	14,401	16.2%
- Investment holding and others	1,692	(2,536)	4,228	166.7%
	104,946	86,317	18,629	21.6%

Overview

The Group registered total revenue of RM724.4 million for the current quarter, which is RM49.3 million higher than previous year corresponding quarter of RM675.1 million. In line with higher revenue, the profit before tax has increased by RM18.6 million to RM104.9 million when compared to RM86.3 million achieved in the previous year corresponding quarter. The increase in profit before tax is mainly due to higher gaming sales achieved in the current year quarter.

Gaming

Gaming sales for the current quarter at RM724.4 million is significantly higher than the previous year corresponding quarter by 7.4% or RM49.7 million. The increase is mainly due to higher sales per draw achieved arising from high jackpot prizes and a more active enforcement on illegal operators by the authorities.

The Group recorded a higher gaming pre-tax profit by RM14.4 million as compared to RM88.9 million recorded in the previous year corresponding quarter. This increase is due mainly to higher sales achieved and lower prizes payout.

Investment Holding and Others

Investment Holding and Others division recorded a pre-tax profit of RM1.7 million compared to RM2.5 million loss in previous year corresponding quarter. The improved performance of Investment Holding and Others division is mainly due to lower fair value loss on investments recorded in the current quarter.

12 months ended 31 December 2018 versus the same period in 2017

	12 months ended		Changes	
	31.12.2018 RM'000	31.12.2017 RM'000	RM'000	%
Revenue				
- Gaming	2,704,053	2,648,494	55,559	2.1%
- Investment holding and others	201	713	(512)	-71.8%
	2,704,254	2,649,207	55,047	2.1%
Profit before tax				
- Gaming	352,617	314,161	38,456	12.2%
- Investment holding and others	(39,283)	(7,535)	(31,748)	-421.3%
	313,334	306,626	6,708	2.2%

Overview

Group revenue for the current financial year was higher by RM55.0 million mainly due to higher gaming revenue. Despite higher gaming revenue and lower prize payout, the Group registered marginal higher pre-tax profit by RM6.7 million, mainly due to tax penalty incurred during the current financial year.

Gaming

Despite conducting 2 less draws in the current financial year, the gaming sales has increased by RM55.6 million or 2.1%. Accordingly, the pre-tax profit has increased by RM38.5 million mainly due to lower prizes payout in the current financial year and the 'zero' GST effect from 1 June 2018 to 31 August 2018.

Investment Holding and Others

The division recorded a pre-tax loss of RM39.3 million in the current financial year when compared to a pre-tax loss of RM7.5 million in the previous financial year. This is mainly due to tax penalty of RM44.2 million incurred but was mitigated by lower fair value loss on quoted investments and lower foreign exchange loss reported in the current financial year.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES (Cont'd.)**B2 Material change in Profit Before Tax for the current quarter compared with the immediate preceding quarter****Quarter ended 31 December 2018 versus 30 September 2018**

	3 months ended		Changes	
	31.12.2018 RM'000	30.09.2018 RM'000	RM'000	%
Revenue				
- Gaming	724,368	667,124	57,244	8.6%
- Investment holding and others	37	(15)	52	-346.7%
	724,405	667,109	57,296	8.6%
Profit before tax				
- Gaming	103,254	97,376	5,878	6.0%
- Investment holding and others	1,692	(39,301)	40,993	104.3%
	104,946	58,075	46,871	80.7%

Overview

Group revenue for current quarter is higher by RM57.3 million as compared to preceding quarter mainly due to higher gaming sales recorded. The group pre-tax profit for the current quarter at RM104.9 million is higher as compared to RM58.1 million recorded in the immediate preceding quarter. The increase of RM46.9 million is mainly due to higher losses incurred by the Investment Holding and Others division in the preceding quarter compared to pre-tax profit of RM1.7 million in the current quarter.

Gaming

Despite significant increase in gaming sales, the gaming pre-tax profit of RM103.3 million is marginally higher than that recorded in preceding quarter. This is mainly due to lower prize payout ratio recorded in the current quarter.

Investment Holding and Others

Investment Holding and Others division recorded a pre-tax profit of RM1.7 million in the current quarter compared to loss of RM39.3 million in preceding quarter. The increase was contributed by higher profit recorded by Information Technology business in the current quarter and tax penalty incurred of RM44.2 million arising from the tax dispute with Director General of Inland Revenue in the preceding quarter.

B3 Prospects

The Group has ended the year on a stronger footing with higher gaming revenue and operating profit. On the back of a successful launch of our new game, Magnum Life, in April 2018 and the on-going implementation of the Rebranding & Reimaging Exercise, the Board is optimistic that the financial performance for the financial year 2019 at operational level shall at least match that for 2018.

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	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Current income tax	36,611	30,601	110,634	96,731
Under/(Over) provision of income tax in prior years	(336)	1,714	99,459	(232)
Over-provision of Real Property Gains Tax in prior year	-	-	(16)	-
Deferred Tax	(4,155)	820	(4,155)	820
Total income tax expense	32,120	33,135	205,922	97,319

The effective tax rate of the Group for the current financial year were higher than the statutory tax rate mainly due to additional tax payable arising from the amicable settlement of the legal dispute with Director General of Inland Revenue and non-deductibility of certain expenses. The penalty portion of the Consent Judgement with the DGIR, amounting to RM44.2 million, is reflected separately under Other Expenses.

B7 Corporate Proposals

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

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES (Cont'd.)**B8 Borrowings**

The Group's borrowings as at 31 December 2018 are as follows:

	Secured RM'000
Long term	
Medium term notes	713,480
Short term	
Medium term notes	224,426
Total	<u>937,906</u>

The borrowings are denominated in Ringgit Malaysia.

B9 Material Litigation

On 15 May 2017 and 22 May 2017, the Company and its subsidiary, Magnum Holdings Sdn. Bhd. ("MHSB"), were served with notices of assessment with penalty for certain prior years of assessment. The additional assessments amounted to RM22.714 million and RM454.382 million respectively, or a combined total of RM477.096 million.

The said notices of assessment were raised principally pursuant to the disallowance of deduction of certain interest expenses incurred for investments. Both Magnum and MHSB had appointed solicitors and had filed for leave application for judicial review and stay of proceedings.

The Kuala Lumpur High Court had on 9 August 2017 granted leave to both Magnum and MHSB to commence judicial review proceedings with the view of quashing the notices of assessments and a stay of proceedings against payment until the disposal of the judicial review.

As announced on 20 September 2018, the Company and MHSB with the agreement with Director General Of Inland Revenue ("DGIR"), had filed a Consent Order with the Kuala Lumpur High Court to enter into a Consent Judgment whereby DGIR will refund the amount of RM47.9 million by way of offset against RM142.889 million to MHSB, resulting in the net payable amount of RM94.984 million by MHSB. The tax and penalty amount of RM5.252 million is payable by the Company. The total net amount of RM100.236 million is payable in 7 instalment payments commencing from 31 December 2018 to 30 June 2019 by both companies.

Following the filing of the Consent Order, DGIR has withdrawn its corresponding appeals before the Court of Appeal and the Company's and MHSB's judicial review applications before the Kuala Lumpur High Court were abated accordingly.

B10 Dividends

The Board of Directors is pleased to declare a fourth interim single tier dividend of 4 sen per share (2017 : 4 sen per share) for the financial period, bring the total dividend declared to date for the financial year ended 31 December 2018 to 15 sen per share (2017 : 11 sen per share).

The fourth interim single tier dividend is to be paid on 29 March 2019 to shareholders registered on the Register of Depositors at the close of business on 15 March 2019.

B11 Basic Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the profit for the financial year attributable to owners 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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit for the financial year attributable to owners of the Company (RM'000)	<u>72,267</u>	<u>52,658</u>	<u>104,749</u>	<u>206,470</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,422,955</u>	<u>1,422,962</u>	<u>1,422,955</u>	<u>1,422,962</u>
Basic Earnings per share (sen)	<u>5.08</u>	<u>3.70</u>	<u>7.36</u>	<u>14.51</u>

Notes: The operational EPS after discounting the one-off and non-recurring tax and penalty expense arising from the tax dispute of RM148.1 million are as follows :

Basic Earnings per share (sen)	<u>5.08</u>	<u>3.70</u>	<u>17.77</u>	<u>14.51</u>
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B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES (Cont'd.)**B12 Auditor's Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

B13 Profit before tax

	3 months ended 31.12.2018 RM'000	12 months ended 31.12.2018 RM'000
The profit before taxation for the financial year is arrived at after charging/(crediting):		
Amortisation of intangible assets	1	15
Changes in fair value of investment securities	521	1,601
Depreciation of property, plant and equipment	3,435	8,779
Depreciation of investment properties	2	6
Gain on disposal of property, plant and equipment	(44)	(154)
Gain on disposal of investments	(30)	(30)
Interest expense	13,128	50,402
Interest income	(7,209)	(18,489)
Property, plant and equipment written off	178	1,657
Realised loss on foreign exchange	-	169
Tax penalty expense	-	44,176
Unrealised (gain)/loss on foreign exchange	(178)	180
Write-back of provision for doubtful debts	14	(82)

B14 Derivatives

Not applicable.

B15 Fair value changes of financial liabilities

The carrying amounts of the Group's financial liabilities at amortised cost are reasonable approximations of fair values.

By Order Of The Board

Company Secretary
21 February 2019