



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

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	756,246	712,352
Cost of sales	<u>(628,393)</u>	<u>(593,940)</u>
Gross profit	127,853	118,412
Other income	4,328	3,578
Administrative expenses	(9,305)	(9,589)
Other expenses	<u>(22,516)</u>	<u>(20,970)</u>
<b>Operating profit</b>	100,360	91,431
Finance costs	<u>(12,581)</u>	<u>(11,496)</u>
<b>Profit before tax</b>	87,779	79,935
Income tax expense	<u>(26,832)</u>	<u>(24,200)</u>
<b>Profit for the financial period</b>	<b><u>60,947</u></b>	<b><u>55,735</u></b>
<b>Other comprehensive income</b>		
Foreign currency translation	18	10
Change in fair value of financial assets at fair-value-through-other comprehensive income	126	17
	144	27
<b>Total comprehensive income for the financial period</b>	<b><u>61,091</u></b>	<b><u>55,762</u></b>
<b>Profit for the financial period attributable to:</b>		
Owners of the Company	60,007	54,937
Non-controlling interests	940	798
	<b><u>60,947</u></b>	<b><u>55,735</u></b>
<b>Total comprehensive income for the financial period attributable to:</b>		
Owners of the Company	60,151	54,964
Non-controlling interests	940	798
	<b><u>61,091</u></b>	<b><u>55,762</u></b>
<b>Earnings per share attributable to owners of the Company (sen per share) :</b>		
Basic	<u>4.22</u>	<u>3.86</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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019**

	(UNAUDITED) AS AT 31.03.2019 RM'000	(AUDITED) AS AT 31.12.2018 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	65,482	65,093
Investment properties	545	546
Right-of-use assets	3,512	-
Investment securities	370,580	370,454
Intangible assets	2,738,340	2,738,347
Deferred tax assets	11,529	11,529
	<u>3,189,988</u>	<u>3,185,969</u>
<b>Current assets</b>		
Inventories	935	1,076
Investment securities	27,117	34,182
Receivables	34,672	26,395
Tax recoverable	6,045	4,447
Deposits, cash and bank balances	459,156	503,895
	<u>527,925</u>	<u>569,995</u>
<b>Total Assets</b>	<b><u>3,717,913</u></b>	<b><u>3,755,964</u></b>
<b>Equity and liabilities</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	2,154,357	2,154,357
Treasury Shares	(30,205)	(30,205)
Reserves	330,882	327,796
<b>Shareholders' equity</b>	<u>2,455,034</u>	<u>2,451,948</u>
<b>Non-controlling interests</b>	41,662	40,722
<b>Total equity</b>	<u>2,496,696</u>	<u>2,492,670</u>
<b>Non-current liabilities</b>		
Borrowings	713,649	713,480
Lease liability	2,952	-
Deferred tax liabilities	1,257	1,257
	<u>717,858</u>	<u>714,737</u>
<b>Current liabilities</b>		
Borrowings	224,567	224,426
Lease liability	723	-
Payables	240,297	265,005
Tax payable	37,772	59,126
	<u>503,359</u>	<u>548,557</u>
<b>Total liabilities</b>	<u>1,221,217</u>	<u>1,263,294</u>
<b>Total equity and liabilities</b>	<b><u>3,717,913</u></b>	<b><u>3,755,964</u></b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b><u>1.73</u></b>	<b><u>1.72</u></b>

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2019**

	----- Attributable to Owners of the Company -----				NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	----- Non-distributable -----					
	SHARE CAPITAL RM'000	OTHER RESERVES RM'000	TREASURY SHARES RM'000	RETAINED PROFITS RM'000		
<b>At 1 January 2018</b>	2,154,357	(673,745)	(30,205)	1,029,541	40,416	2,520,364
Total comprehensive income for the financial period	-	27	-	54,937	798	55,762
Dividends paid	-	-	-	(56,918)	-	(56,918)
Acquisition of additional shares in a subsidiary from non-controlling interests	-	-	-	-	(27)	(27)
<b>At 31 March 2018</b>	<b>2,154,357</b>	<b>(673,718)</b>	<b>(30,205)</b>	<b>1,027,560</b>	<b>41,187</b>	<b>2,519,181</b>
<b>At 1 January 2019</b>	2,154,357	(595,411)	(30,205)	923,207	40,722	2,492,670
<b>Effect of adoption of MFRS 16</b>	-	-	-	(147)	-	(147)
	2,154,357	(595,411)	(30,205)	923,060	40,722	2,492,523
Total comprehensive income for the financial period	-	144	-	60,007	940	61,091
Dividends paid	-	-	-	(56,918)	-	(56,918)
<b>At 31 March 2019</b>	<b>2,154,357</b>	<b>(595,267)</b>	<b>(30,205)</b>	<b>926,149</b>	<b>41,662</b>	<b>2,496,696</b>

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019**

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	87,779	79,935
Adjustments for:		
Non-cash items	9,331	3,287
Non-operating items	8,472	10,959
Operating cash flows before working capital changes	<u>105,582</u>	<u>94,181</u>
Changes in working capital:		
Inventories	141	118
Receivables	(6,475)	1,164
Payables	<u>(14,210)</u>	<u>6,825</u>
Cash flows generated from operations	85,038	102,288
Income tax refund	607	614
Real Property Gains Tax refund	-	16
Income tax paid	<u>(50,391)</u>	<u>(25,177)</u>
<b>Net cash flows generated from operating activities</b>	<b>35,254</b>	<b>77,741</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of :		
- property, plant and equipment	100	13
- investment securities	-	4,705
Purchase of :		
- property, plant and equipment	(2,447)	(1,957)
- additional shares in a subsidiary	-	(27)
Movement in cash deposits pledged	(19)	(15)
Interest paid	(24,575)	(20,702)
Interest received	4,090	3,592
<b>Net cash flows used in investing activities</b>	<b>(22,851)</b>	<b>(14,391)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to shareholders	(56,918)	(56,918)
Repayment of lease liability	(243)	-
Net movement in fixed deposits with licensed bank	(5)	-
Issuance of medium term notes	-	125,000
Transaction cost paid	-	(312)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(57,166)</b>	<b>67,770</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(44,763)</b>	<b>131,120</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>476,190</b>	<b>307,419</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b><u>431,427</u></b>	<b><u>438,539</u></b>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	459,156	465,745
Cash deposits pledged	(27,464)	(26,953)
Cash deposits with licensed banks with maturity period of more than 3 months	(265)	(253)
	<u><b>431,427</b></u>	<u><b>438,539</b></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 2018 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 2018. 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 2018.

**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 2018, except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretation during the current financial period :

**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 (Annual Improvements to MFRSs 2015-2017 Cycle)	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

The adoption of the above does not have a material impact on the financial statements of the Group in the period of initial application, except for the following :

**MFRS 16 Leases**

MFRS 16 *Leases* supersedes MFRS 117 *Leases* and its related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on-balance sheet) or operating leases (off-balance sheet).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117, therefore there is no financial impact for lease where the Group is the lessor.

At the commencement date of a lease, a lessee will recognise a lease liability to make lease payments and an asset representing the "right to use" of the underlying asset during the lease term. Subsequently, the "right-of-use" asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in the profit or loss.

The changes in accounting policies have been applied retrospectively from 1 January 2019. In accordance with the transition requirements, comparatives are not restated.

The effect of adopting MFRS 16 as at 1 January 2019 was as follows:

	<b>1.1.2019</b>
	<b>RM'000</b>
<b>Assets</b>	
Right-of-use assets	<u>3,719</u>
<b>Liabilities</b>	
Lease liability	<u>(3,866)</u>
<b>Equity</b>	
Retained profits	<u>(147)</u>

**A EXPLANATORY NOTES PURSUANT TO MFRS 134****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 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 period ended 31 March 2019.

**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**

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

**A7 Dividends Paid**

During the financial period ended 31 March 2019, the Company has paid a fourth 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 March 2019.

**A EXPLANATORY NOTES PURSUANT TO MFRS 134****A8 Segmental Information**

	3 months ended	
	31.03.2019 RM'000	31.03.2018 RM'000
<b>Segmental Revenue</b>		
Gaming	756,245	712,319
Investment holdings & others	57,130	61,534
	<u>813,375</u>	<u>773,853</u>
Eliminations	(57,129)	(61,501)
Total	<u>756,246</u>	<u>712,352</u>
<b>Segmental Results</b>		
Gaming	95,861	83,738
Investment holdings & others	49,047	56,228
	<u>144,908</u>	<u>139,966</u>
Eliminations	(57,129)	(60,031)
Profit Before Tax	<u>87,779</u>	<u>79,935</u>

**A9 Material Subsequent Events**

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

**A10 Changes in Composition of the Group**

There were no changes in the composition of the Group during the financial period ended 31 March 2019.

**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
<b>31 March 2019</b>					
Current	FVTPL	27,117	-	-	27,117
Non-current	FVOCI	13,151	-	-	13,151
Non-current	FVOCI	-	-	357,429	357,429
		<u>40,268</u>	<u>-</u>	<u>357,429</u>	<u>397,697</u>
<b>31 December 2018</b>					
Current	FVTPL	34,182	-	-	34,182
Non-current	FVOCI	13,025	-	-	13,025
Non-current	FVOCI	-	-	357,429	357,429
		<u>47,207</u>	<u>-</u>	<u>357,429</u>	<u>404,636</u>

**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 2018.

**B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1 Review of Performance of the Group****Quarter ended 31 March 2019 versus the same quarter in 2018**

	3 months ended		Changes	
	31.03.2019 RM'000	31.03.2018 RM'000	RM'000	%
Revenue				
- Gaming	756,245	712,319	43,926	6.2%
- Investment holdings and others	1	33	(32)	-97.0%
	756,246	712,352	43,894	6.2%
Profit/(Loss) before tax				
- Gaming	95,861	83,738	12,123	14.5%
- Investment holdings and others	(8,082)	(3,803)	(4,279)	112.5%
	87,779	79,935	7,844	9.8%

**Overview**

The Group registered total revenue of RM756.2 million for the current quarter, which is RM43.9 million higher than the previous year's corresponding quarter of RM712.4 million. In line with higher revenue, the profit before tax has increased by RM7.8 million to RM87.8 million when compared to RM79.9 million achieved in the previous year's corresponding quarter. The higher Group revenue and pre-tax profit is mainly attributable to the Gaming division.

**Gaming**

Gaming sales for the current quarter at RM756.2 million is higher than the previous year's corresponding quarter by 6.2% or RM43.9 million. The increase, despite 4 lesser draws, is mainly due to higher sales from the 4D Jackpot game arising from a prolonged jackpot run and sales generated from Magnum Life which was launched in April 2018.

In line with the higher gaming sales, gaming pre-tax profit increased by RM12.1 million from RM83.7 million recorded in the previous year's corresponding quarter to RM95.9 million achieved in the current quarter.

**Investment Holdings and Others**

Investment Holdings and Others division recorded an unfavourable variance of RM4.3 million in the current quarter mainly due to higher fair value loss on investments in the current year quarter.

**B2 Material change in Profit Before Tax for the current quarter compared with the immediate preceding quarter****Quarter ended 31 March 2019 versus 31 December 2018**

	3 months ended		Changes	
	31.03.2019 RM'000	31.12.2018 RM'000	RM'000	%
Revenue				
- Gaming	756,245	724,368	31,877	4.4%
- Investment holdings and others	1	37	(36)	-97.3%
	756,246	724,405	31,841	4.4%
Profit before tax				
- Gaming	95,861	103,253	(7,392)	-7.2%
- Investment holdings and others	(8,082)	1,692	(9,774)	-577.7%
	87,779	104,945	(17,166)	-16.4%

**Overview**

The Group reported a higher revenue by RM31.8 million when compared to the immediate preceding quarter. The higher revenue is mainly due to seasonal Chinese New Year festive gaming sales in the current quarter.

The pre-tax profit for the current quarter at RM87.8 million was lower as compared to RM104.9 million recorded in the immediate preceding quarter. The decrease of RM17.2 million was mainly due to lower gaming pre-tax profit and pre-tax loss incurred by Investment Holdings and Others division.

**Gaming**

Despite a higher gaming sales by RM31.9 million in the current quarter, gaming pre-tax profit was lower by RM7.4 million as a result of higher prizes payout ratio in the current quarter.

**Investment Holdings and Others**

Investment Holdings and Others division recorded an unfavourable variance in the current quarter mainly due to fair value loss on investments in the current year quarter compared to fair value gain on investments recorded in preceding quarter.



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

Although the number of Special Draws had been reduced in 2019, the Board is optimistic that the growth trend in the per draw revenue will offset the downward pressure caused by the reduction in the number of Special Draws. Together with the sustained momentum of enforcement by the authority on illegal operators and our on-going rebranding & reimagining exercise, the Board expects that the financial performance for the financial year 2019 at operational level, shall at least match that of 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	
	31.03.2019 RM'000	31.03.2018 RM'000
Current income tax	26,832	24,216
Over-provision of Real Property Gains Tax in prior year	-	(16)
<b>Total income tax expense</b>	<b>26,832</b>	<b>24,200</b>

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.

**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 2019 are as follows:

	Secured RM'000
<b>Long term</b>	
Medium term notes	713,649
<b>Short term</b>	
Medium term notes	224,567
<b>Total</b>	<b>938,216</b>

The borrowings are denominated in Ringgit Malaysia.

**B9 Material Litigation**

There is no 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 (2018 : 4 sen) for the financial year ending 31 December 2019 to be paid on 28 June 2019 to shareholders registered on the Register of Depositors at the close of business on 19 June 2019.

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

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
Profit for the financial period attributable to owners of the Company (RM'000)	60,007	54,937
Weighted average number of ordinary shares in issue ('000)	1,422,955	1,422,955
<b>Basic EPS (sen)</b>	<b>4.22</b>	<b>3.86</b>

**B12 Auditor's Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

**B13 Profit before tax**

	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The profit before taxation for the financial period is arrived at after charging/(crediting):</b>		
Amortisation of intangible assets	4	6
Changes in fair value of investment securities	7,064	3,023
Depreciation of property, plant and equipment	2,056	1,693
Depreciation of investment properties	2	2
Depreciation of right-of-use assets	207	-
Gain on disposal of property, plant and equipment	(99)	(2)
Interest expense	12,581	11,496
Interest income	(4,012)	(3,558)
Property, plant and equipment written off	2	1,462
Rerevalued loss on foreign exchange	-	169
Unrealised (gain)/loss on foreign exchange	(112)	10
Write-back of provision for doubtful debts	(2)	(55)

**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**  
28 May 2019