



MAGNUM BERHAD (24217-M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | 3 months ended | | 6 months ended | |
|---|----------------|---------------|----------------|----------------|
| | 30.06.2019 | 30.06.2018 | 30.06.2019 | 30.06.2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 666,403 | 600,388 | 1,422,649 | 1,312,740 |
| Cost of sales | (525,583) | (498,256) | (1,153,976) | (1,092,196) |
| Gross profit | 140,820 | 102,132 | 268,673 | 220,544 |
| Other income | 3,954 | 4,165 | 8,282 | 7,743 |
| Administrative expenses | (10,206) | (8,837) | (19,511) | (18,426) |
| Other expenses | (17,254) | (13,735) | (39,770) | (34,705) |
| Operating profit | 117,314 | 83,725 | 217,674 | 175,156 |
| Finance costs | (12,674) | (13,347) | (25,255) | (24,843) |
| Profit before tax | 104,640 | 70,378 | 192,419 | 150,313 |
| Income tax expense | (29,360) | (21,753) | (56,192) | (45,953) |
| Profit for the financial period | 75,280 | 48,625 | 136,227 | 104,360 |
| Other comprehensive income | | | | |
| Foreign currency translation | (4) | (9) | 14 | 1 |
| Change in fair value of financial assets at fair-value-through-other comprehensive income | 52 | (122) | 178 | (105) |
| | 48 | (131) | 192 | (104) |
| Total comprehensive income for the financial period | 75,328 | 48,494 | 136,419 | 104,256 |
| Profit for the financial period attributable to: | | | | |
| Owners of the Company | 74,422 | 48,054 | 134,429 | 102,991 |
| Non-controlling interests | 858 | 571 | 1,798 | 1,369 |
| | 75,280 | 48,625 | 136,227 | 104,360 |
| Total comprehensive income for the financial period attributable to: | | | | |
| Owners of the Company | 74,470 | 47,923 | 134,621 | 102,887 |
| Non-controlling interests | 858 | 571 | 1,798 | 1,369 |
| | 75,328 | 48,494 | 136,419 | 104,256 |
| Earnings per share attributable to owners of the Company (sen per share) : | | | | |
| Basic | 5.23 | 3.38 | 9.45 | 7.24 |

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 30 JUNE 2019

| | (UNAUDITED) AS AT 30.06.2019 RM'000 | (AUDITED) AS AT 31.12.2018 RM'000 |
|--|--|--|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 66,697 | 65,093 |
| Investment properties | 543 | 546 |
| Right-of-use assets | 3,306 | - |
| Investment securities | 370,632 | 370,454 |
| Intangible assets | 2,738,339 | 2,738,347 |
| Deferred tax assets | 11,529 | 11,529 |
| | <u>3,191,046</u> | <u>3,185,969</u> |
| Current assets | | |
| Inventories | 1,620 | 1,076 |
| Investment securities | 29,921 | 34,182 |
| Receivables | 39,044 | 26,395 |
| Tax recoverable | 6,502 | 4,447 |
| Deposits, cash and bank balances | 468,559 | 503,895 |
| | <u>545,646</u> | <u>569,995</u> |
| Total Assets | <u>3,736,692</u> | <u>3,755,964</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 | 348,434 | 327,796 |
| Shareholders' equity | <u>2,472,586</u> | <u>2,451,948</u> |
| Non-controlling interests | <u>40,426</u> | <u>40,722</u> |
| Total equity | <u>2,513,012</u> | <u>2,492,670</u> |
| Non-current liabilities | | |
| Borrowings | 713,738 | 713,480 |
| Lease liability | 2,752 | - |
| Deferred tax liabilities | 1,257 | 1,257 |
| | <u>717,747</u> | <u>714,737</u> |
| Current liabilities | | |
| Borrowings | 224,712 | 224,426 |
| Lease liability | 730 | - |
| Payables | 247,437 | 265,005 |
| Tax payable | 33,054 | 59,126 |
| | <u>505,933</u> | <u>548,557</u> |
| Total liabilities | <u>1,223,680</u> | <u>1,263,294</u> |
| Total equity and liabilities | <u>3,736,692</u> | <u>3,755,964</u> |
| Net assets per share attributable to owners of the Company (RM) | <u>1.74</u> | <u>1.72</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 2018 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

| | ----- Attributable to Owners of the Company ----- | | | | NON- CONTROLLING INTERESTS RM'000 | TOTAL EQUITY RM'000 |
|--|---|-----------------------------|------------------------------|-------------------------------|--|---------------------------|
| | SHARE CAPITAL RM'000 | OTHER RESERVES RM'000 | TREASURY SHARES RM'000 | RETAINED PROFITS RM'000 | | |
| 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 period | - | (104) | - | 102,991 | 1,369 | 104,256 |
| Dividends paid | - | - | - | (113,836) | - | (113,836) |
| Dividends paid to non-controlling interests | | | | | (2,234) | (2,234) |
| Acquisition of additional shares in a subsidiary from non-controlling interests | - | - | - | - | (115) | (115) |
| At 30 June 2018 | 2,154,357 | (673,849) | (30,205) | 1,018,696 | 39,436 | 2,508,435 |
| At 1 January 2019 | 2,154,357 | (595,411) | (30,205) | 923,207 | 40,722 | 2,492,670 |
| Effect of adoption of MFRS 16 | - | - | - | (147) | - | (147) |
| | 2,154,357 | (595,411) | (30,205) | 923,060 | 40,722 | 2,492,523 |
| Total comprehensive income for the financial period | - | 192 | - | 134,429 | 1,798 | 136,419 |
| Dividends paid | - | - | - | (113,836) | - | (113,836) |
| Dividends paid to non-controlling interests | - | - | - | - | (2,094) | (2,094) |
| At 30 June 2019 | 2,154,357 | (595,219) | (30,205) | 943,653 | 40,426 | 2,513,012 |

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 30 JUNE 2019

| | 6 months ended | |
|--|-----------------------|-----------------------|
| | 30.06.2019 RM'000 | 30.06.2018 RM'000 |
| OPERATING ACTIVITIES | | |
| Profit before tax | 192,419 | 150,313 |
| Adjustments for: | | |
| Non-cash items | 4,639 | 4,296 |
| Non-operating items | 21,483 | 18,588 |
| Operating cash flows before working capital changes | <u>218,541</u> | <u>173,197</u> |
| Changes in working capital: | | |
| Inventories | (544) | (39) |
| Receivables | (12,652) | 5,341 |
| Payables | (17,634) | 11,313 |
| Cash flows generated from operations | <u>187,711</u> | <u>189,812</u> |
| Income tax refund | 638 | 628 |
| Real Property Gains Tax refund | - | 16 |
| Income tax paid | (84,957) | (46,912) |
| Net cash flows generated from operating activities | <u>103,392</u> | <u>143,544</u> |
| INVESTING ACTIVITIES | | |
| Proceeds from disposal of : | | |
| - property, plant and equipment | 170 | 48 |
| - investment securities | - | 4,705 |
| Purchase of : | | |
| - property, plant and equipment | (5,823) | (5,001) |
| - additional shares in a subsidiary | - | (115) |
| Movement in cash deposits pledged | (33) | (34) |
| Net dividend received from quoted shares and unit trusts | - | 120 |
| Interest paid | (24,598) | (20,779) |
| Interest received | 7,938 | 7,417 |
| Net cash flows used in investing activities | <u>(22,346)</u> | <u>(13,639)</u> |
| FINANCING ACTIVITIES | | |
| Dividends paid to shareholders | (113,836) | (113,836) |
| Dividends paid to the non-controlling interests of subsidiaries | (2,094) | (2,234) |
| Repayment of lease liability | (485) | - |
| Net movement in fixed deposits with licensed bank | (5) | (4) |
| Issuance of medium term notes | - | 125,000 |
| Transaction cost paid | - | (312) |
| Net cash flows (used in)/generated from financing activities | <u>(116,420)</u> | <u>8,614</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | <u>(35,374)</u> | <u>138,519</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | <u>476,190</u> | <u>307,419</u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | <u>440,816</u> | <u>445,938</u> |
| Cash and cash equivalents consist of : | | |
| Deposits, cash and bank balances | 468,559 | 473,167 |
| Cash deposits pledged | (27,478) | (26,972) |
| Cash deposits with licensed banks with maturity period of more than 3 months | (265) | (257) |
| | <u>440,816</u> | <u>445,938</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 to 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 :

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

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 |
|------------------------------------|---|

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 30 June 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.

A EXPLANATORY NOTES PURSUANT TO MFRS 134**A7 Dividends Paid**

During the financial period ended 30 June 2019, the Company has paid the following dividends:

- (i) 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; and
- (ii) a first interim single tier dividend of 4.0 sen per share in respect of financial year ending 31 December 2019, amounting to RM56.918 million on 28 June 2019.

A8 Segmental Information

| | 6 months ended | |
|------------------------------|----------------------|----------------------|
| | 30.06.2019 RM'000 | 30.06.2018 RM'000 |
| Segmental Revenue | | |
| Gaming | 1,422,475 | 1,312,561 |
| Investment holdings & others | 120,335 | 138,155 |
| | 1,542,810 | 1,450,716 |
| Eliminations | (120,161) | (137,976) |
| Total | 1,422,649 | 1,312,740 |
| Segmental Results | | |
| Gaming | 199,083 | 151,987 |
| Investment holdings & others | 113,497 | 133,395 |
| | 312,580 | 285,382 |
| Eliminations | (120,161) | (135,069) |
| Profit Before Tax | 192,419 | 150,313 |

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 30 June 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 |
|-------------------------|-------|-------------------|-------------------|-------------------|-----------------|
| 30 June 2019 | | | | | |
| Current | FVTPL | 29,921 | - | - | 29,921 |
| Non-current | FVOCI | 13,203 | - | - | 13,203 |
| Non-current | FVOCI | - | - | 357,429 | 357,429 |
| | | 43,124 | - | 357,429 | 400,553 |
| 31 December 2018 | | | | | |
| Current | FVTPL | 34,182 | - | - | 34,182 |
| Non-current | FVOCI | 13,025 | - | - | 13,025 |
| Non-current | FVOCI | - | - | 357,429 | 357,429 |
| | | 47,207 | - | 357,429 | 404,636 |

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 30 June 2019 versus the same quarter in 2018**

| | 3 months ended | | Changes | |
|----------------------------------|----------------------|----------------------|---------|-------|
| | 30.06.2019 RM'000 | 30.06.2018 RM'000 | RM'000 | % |
| Revenue | | | | |
| - Gaming | 666,230 | 600,242 | 65,988 | 11.0% |
| - Investment holdings and others | 173 | 146 | 27 | 18.5% |
| | 666,403 | 600,388 | 66,015 | 11.0% |
| Profit before tax | | | | |
| - Gaming | 103,222 | 68,249 | 34,973 | 51.2% |
| - Investment holdings and others | 1,418 | 2,129 | (711) | 33.4% |
| | 104,640 | 70,378 | 34,262 | 48.7% |

Overview

The Group registered total revenue of RM666.4 million for the current quarter, which is RM66.0 million higher than the previous year's corresponding quarter of RM600.4 million. In line with higher revenue, the profit before tax has increased by RM34.2 million to RM104.6 million when compared to RM70.4 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 RM666.2 million is higher than the previous year's corresponding quarter by 11.0% or RM66.0 million. The increase, despite 2 lesser draws, is mainly due to higher sales from the 4D Jackpot game arising from a prolonged jackpot run and sales generated from 4D classic game as the result of a more sustained enforcement by authorities on illegal operators.

In line with the higher gaming sales, gaming pre-tax profit increased by RM35.0 million from RM68.2 million recorded in the previous year's corresponding quarter to RM103.2 million achieved in the current quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded an unfavourable variance of RM0.7 million in the current quarter mainly due to higher fair value loss on investments.

6 months ended 30 June 2019 versus the same period in 2018

| | 6 months ended | | Changes | |
|----------------------------------|----------------------|----------------------|---------|---------|
| | 30.06.2019 RM'000 | 30.06.2018 RM'000 | RM'000 | % |
| Revenue | | | | |
| - Gaming | 1,422,475 | 1,312,561 | 109,914 | 8.4% |
| - Investment holdings and others | 174 | 179 | (5) | -2.8% |
| | 1,422,649 | 1,312,740 | 109,909 | 8.4% |
| Profit/(Loss) before tax | | | | |
| - Gaming | 199,083 | 151,987 | 47,096 | 31.0% |
| - Investment holdings and others | (6,664) | (1,674) | (4,990) | -298.1% |
| | 192,419 | 150,313 | 42,106 | 28.0% |

Overview

The Group registered total revenue of RM1.42 billion for the current 6 months period, which is RM109.9 million higher than the previous year's corresponding period of RM1.31 billion. In line with higher revenue, the profit before tax has increased by RM42.1 million to RM192.4 million when compared to RM150.3 million achieved in the previous year's corresponding period. The higher Group revenue and pre-tax profit is mainly attributable to the Gaming division.

Gaming

Gaming sales for the current 6 months period at RM1.42 billion is higher than the previous year's corresponding period by 8.4% or RM109.9 million. The increase, despite 6 lesser draws, is mainly due to higher sales from the 4D Jackpot game arising from prolonged jackpot runs, sales generated from Magnum Life which was launched in April 2018 and 4D classic game as the result of a more sustained enforcement by authorities on illegal operators.

In line with the higher gaming sales, gaming pre-tax profit increased by RM47.1 million from RM152.0 million recorded in the previous year's corresponding period to RM199.1 million achieved in the current 6 months period.

Investment Holdings and Others

Investment Holdings and Others division recorded an unfavourable variance of RM5.0 million in the current 6 months period mainly due to higher fair value loss on investments.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B2 Material change in Profit Before Tax for the current quarter compared with the immediate preceding quarter****Quarter ended 30 June 2019 versus 31 March 2019**

| | 3 months ended | | Changes | |
|----------------------------------|----------------------|----------------------|----------|----------|
| | 30.06.2019 RM'000 | 31.03.2019 RM'000 | RM'000 | % |
| Revenue | | | | |
| - Gaming | 666,230 | 756,245 | (90,015) | -11.9% |
| - Investment holdings and others | 173 | 1 | 172 | 17200.0% |
| | 666,403 | 756,246 | (89,843) | -11.9% |
| Profit/(Loss) before tax | | | | |
| - Gaming | 103,222 | 95,861 | 7,361 | 7.7% |
| - Investment holdings and others | 1,418 | (8,082) | 9,500 | 117.5% |
| | 104,640 | 87,779 | 16,861 | 19.2% |

Overview

The Group reported a lower revenue by RM89.8 million when compared to the immediate preceding quarter. The lower revenue is mainly due to seasonal Chinese New Year festive gaming sales in the immediate preceding quarter.

Despite the lower revenue, the pre-tax profit for the current quarter at RM104.6 million was higher by RM16.9 million as compared to RM87.8 million recorded in the immediate preceding quarter.

Gaming

Despite a lower gaming sales by RM90.0 million in the current quarter, gaming pre-tax profit was higher by RM7.4 million as a result of lower prizes payout ratio in the current quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a favourable variance of RM9.5 million in the current quarter mainly due to lower fair value loss on investments.

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 as observed in first half year of 2019 will offset the downward pressure caused by the reduction in the number of Special Draws. Together with the sustained momentum of enforcement by the authorities on illegal operators and our on-going rebranding & reimagining exercise, the Board expects the financial performance for the financial year 2019 to be better than 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 | | 6 months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30.06.2019 RM'000 | 30.06.2018 RM'000 | 30.06.2019 RM'000 | 30.06.2018 RM'000 |
| Current income tax | 29,358 | 21,753 | 56,190 | 45,969 |
| Under-provision in prior years | 2 | - | 2 | - |
| Over-provision of Real Property Gains Tax in prior year | - | - | - | (16) |
| Total income tax expense | 29,360 | 21,753 | 56,192 | 45,953 |

The effective tax rate of the Group for the current quarter and current financial period were 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.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B8 Borrowings**

The Group's borrowings as at 30 June 2019 are as follows:

| | Secured RM'000 |
|-------------------|---------------------------|
| Long term | |
| Medium term notes | 713,738 |
| Short term | |
| Medium term notes | 224,712 |
| Total | <u>938,450</u> |

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 second interim single tier dividend of 5.0 sen per share (2018 : 3.0 sen per share) for the financial period, bring the total dividend declared to date for the financial year ending 31 December 2019 to 9.0 sen per share (2018 : 7.0 sen per share).

The second interim single tier dividend is to be paid on 27 September 2019 to shareholders registered on the Register of Depositors at the close of business on 19 September 2019.

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 | | 6 months ended | |
|--|-----------------------|-------------------|-----------------------|-------------------|
| | 30.06.2019 | 30.06.2018 | 30.06.2019 | 30.06.2018 |
| Profit for the financial period attributable to owners of the Company (RM'000) | <u>74,422</u> | <u>48,054</u> | <u>134,429</u> | <u>102,991</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>1,422,955</u> | <u>1,422,955</u> | <u>1,422,955</u> | <u>1,422,955</u> |
| Basic EPS (sen) | <u>5.23</u> | <u>3.38</u> | <u>9.45</u> | <u>7.24</u> |

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.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B13 Profit before tax

| | 3 months ended 30.06.2019 RM'000 | 6 months ended 30.06.2019 RM'000 |
|--|---|---|
| The profit before taxation for the financial period is arrived at after charging/(crediting): | | |
| Amortisation of intangible assets | 4 | 8 |
| Changes in fair value of investment securities | (2,803) | 4,261 |
| Depreciation of property, plant and equipment | 2,145 | 4,201 |
| Depreciation of investment properties | 1 | 3 |
| Depreciation of right-of-use assets | 206 | 413 |
| Gain on disposal of property, plant and equipment | (70) | (169) |
| Interest expense | 12,674 | 25,255 |
| Interest income | (3,852) | (7,864) |
| Property, plant and equipment written off | 15 | 17 |
| Unrealised loss on foreign exchange | 112 | - |
| Write-back of provision for doubtful debts | (1) | (3) |

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
22 August 2019