



MAGNUM BERHAD (24217-M)

(Incorporated in Malaysia)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	652,104	667,109	2,074,753	1,979,849
Cost of sales	(542,070)	(531,016)	(1,696,046)	(1,623,212)
Gross profit	110,034	136,093	378,707	356,637
Other income	3,548	3,999	11,830	11,742
Administrative expenses	(9,286)	(7,691)	(28,797)	(26,117)
Other expenses	(20,546)	(61,895)	(60,316)	(96,600)
Operating profit	83,750	70,506	301,424	245,662
Finance costs	(12,927)	(12,431)	(38,182)	(37,274)
Profit before tax	70,823	58,075	263,242	208,388
Income tax expense	(21,148)	(127,849)	(77,340)	(173,802)
Profit/(Loss) for the financial period	49,675	(69,774)	185,902	34,586
Other comprehensive income				
Foreign currency translation	(2)	(6)	12	(5)
Change in fair value of financial assets at fair-value-through-other comprehensive income	78	73	256	(32)
	76	67	268	(37)
Total comprehensive income/(loss) for the financial period	49,751	(69,707)	186,170	34,549
Profit/(Loss) for the financial period attributable to:				
Owners of the Company	48,008	(70,509)	182,437	32,482
Non-controlling interests	1,667	735	3,465	2,104
	49,675	(69,774)	185,902	34,586
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company	48,084	(70,442)	182,705	32,445
Non-controlling interests	1,667	735	3,465	2,104
	49,751	(69,707)	186,170	34,549
Earnings/(Loss) per share attributable to owners of the Company (sen per share) :				
Basic	3.37	(4.96)	12.82	2.28

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 SEPTEMBER 2019

	(UNAUDITED) AS AT 30.09.2019 RM'000	(AUDITED) AS AT 31.12.2018 RM'000
Assets		
Non-current assets		
Property, plant and equipment	72,830	65,093
Investment properties	541	546
Right-of-use assets	3,099	-
Investment securities	370,710	370,454
Intangible assets	2,738,337	2,738,347
Deferred tax assets	11,529	11,529
	<u>3,197,046</u>	<u>3,185,969</u>
Current assets		
Inventories	1,734	1,076
Investment securities	27,625	34,182
Receivables	31,090	26,395
Tax recoverable	7,138	4,447
Deposits, cash and bank balances	322,027	503,895
	<u>389,614</u>	<u>569,995</u>
Total Assets	<u>3,586,660</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	325,370	327,796
Shareholders' equity	<u>2,449,522</u>	<u>2,451,948</u>
Non-controlling interests	26,658	40,722
Total equity	<u>2,476,180</u>	<u>2,492,670</u>
Non-current liabilities		
Borrowings	674,511	713,480
Lease liability	2,627	-
Deferred tax liabilities	1,257	1,257
	<u>678,395</u>	<u>714,737</u>
Current liabilities		
Borrowings	224,320	224,426
Lease liability	742	-
Payables	191,893	265,005
Tax payable	15,130	59,126
	<u>432,085</u>	<u>548,557</u>
Total liabilities	<u>1,110,480</u>	<u>1,263,294</u>
Total equity and liabilities	<u>3,586,660</u>	<u>3,755,964</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.72</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 SEPTEMBER 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			
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	-	(37)	-	32,482	2,104		34,549
Dividends paid	-	-	-	(156,525)	-		(156,525)
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 September 2018	2,154,357	(673,782)	(30,205)	905,498	40,171		2,396,039
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	-	268	-	182,437	3,465		186,170
Dividends paid	-	-	-	(184,984)	-		(184,984)
Dividends paid to non-controlling interests	-	-	-	-	(17,529)		(17,529)
At 30 September 2019	2,154,357	(595,143)	(30,205)	920,513	26,658		2,476,180

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 SEPTEMBER 2019

	9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000
OPERATING ACTIVITIES		
Profit before tax	263,242	208,388
Adjustments for:		
Non-cash items	7,549	6,515
Non-operating items	33,266	27,244
Operating cash flows before working capital changes	304,057	242,147
Changes in working capital:		
Inventories	(658)	98
Receivables	(4,736)	(5,896)
Payables	(60,506)	69,897
Cash flows generated from operations	238,157	306,246
Income tax refund	830	618
Real Property Gains Tax refund	-	16
Income tax paid	(124,857)	(70,619)
Net cash flows generated from operating activities	114,130	236,261
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	171	122
- investment securities	-	4,705
Purchase of :		
- investment securities	-	(18,990)
- property, plant and equipment	(14,656)	(7,967)
- additional shares in a subsidiary	-	(115)
Movement in cash deposits pledged	(586)	(359)
Net dividend received from quoted shares and unit trusts	-	120
Interest paid	(49,718)	(45,253)
Interest received	11,362	11,320
Net cash flows used in investing activities	(53,427)	(56,417)
FINANCING ACTIVITIES		
Dividends paid to shareholders	(184,984)	(156,525)
Dividends paid to the non-controlling interests of subsidiaries	(17,529)	(2,234)
Repayment of lease liability	(644)	-
Net movement in fixed deposits with licensed bank	260	(4)
Repayment of medium term notes	(40,000)	(10,000)
Issuance of medium term notes	-	125,000
Transaction cost paid	-	(577)
Net cash flows used in financing activities	(242,897)	(44,340)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(182,194)	135,504
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	476,190	307,419
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	293,996	442,923
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	322,027	470,477
Cash deposits pledged	(28,031)	(27,297)
Cash deposits with licensed banks with maturity period of more than 3 months	-	(257)
	293,996	442,923

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 (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 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 30 September 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 (Cont'd.)**A7 Dividends Paid**

During the financial period ended 30 September 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;
- (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; and
- (iii) a second interim single tier dividend of 5.0 sen per share in respect of financial year ending 31 December 2019, amounting to RM71.148 million on 27 September 2019.

A8 Segmental Information

	9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000
Segmental Revenue		
Gaming	2,074,552	1,979,685
Investment holdings & others	387,199	213,646
	2,461,751	2,193,331
Eliminations	(386,998)	(213,482)
Total	2,074,753	1,979,849
Segmental Results		
Gaming	272,980	249,363
Investment holdings & others	377,260	164,130
	650,240	413,493
Eliminations	(386,998)	(205,105)
Profit Before Tax	263,242	208,388

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 September 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 September 2019					
Current	FVTPL	27,625	-	-	27,625
Non-current	FVOCI	13,281	-	-	13,281
Non-current	FVOCI	-	-	357,429	357,429
		40,906	-	357,429	398,335
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 September 2019 versus the same quarter in 2018**

	3 months ended		Changes	
	30.09.2019 RM'000	30.09.2018 RM'000	RM'000	%
Revenue				
- Gaming	652,077	667,124	(15,047)	-2.3%
- Investment holding and others	27	(15)	42	-280.0%
	652,104	667,109	(15,005)	-2.2%
Profit before tax				
- Gaming	73,897	97,376	(23,479)	-24.1%
- Investment holding and others	(3,074)	(39,301)	36,227	92.2%
	70,823	58,075	12,748	22.0%

Overview

The Group registered total revenue of RM652.1 million for the current quarter, which is RM15.0 million lower than the previous year's corresponding quarter of RM667.1 million. Despite lower revenue, the profit before tax has increased by RM12.7 million to RM70.8 million when compared to RM58.1 million achieved in the previous year's corresponding quarter. The higher Group pre-tax profit is mainly attributable to the lower pre-tax loss recorded by the Investment Holding & Others division mainly due to tax penalty of RM44.2 million and pre-tax profit of RM5.5 million recorded by the information technology subsidiary in the previous year's corresponding quarter, off-set by the lower profit before tax of the Gaming division.

Gaming

Gaming sales for the current quarter at RM652.1 million is lower than the previous year's corresponding quarter by 2.3% or RM15.0 million. The decrease is mainly due to 5 lesser draws in the current quarter and the effect of 6% service tax in the current quarter as compared to "zero" Goods and Services Tax effect from 1 June 2018 to 31 August 2018.

In line with the lower gaming sales coupled with higher payout ratio, gaming pre-tax profit decreased by RM23.5 million from RM97.4 million recorded in the previous year's corresponding quarter to RM73.9 million achieved in the current quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a favourable variance of RM36.2 million in the current quarter mainly due to tax penalty of RM44.2 million and pre-tax profit of RM5.5 million recorded by information technology subsidiary in the previous year's corresponding quarter, off-set by higher fair value loss on investments of RM1.88 million in the current quarter.

9 months ended 30 September 2019 versus the same period in 2018

	9 months ended		Changes	
	30.09.2019 RM'000	30.09.2018 RM'000	RM'000	%
Revenue				
- Gaming	2,074,552	1,979,685	94,867	4.8%
- Investment holding and others	201	164	37	22.6%
	2,074,753	1,979,849	94,904	4.8%
Profit before tax				
- Gaming	272,980	249,363	23,617	9.5%
- Investment holding and others	(9,738)	(40,975)	31,237	76.2%
	263,242	208,388	54,854	26.3%

Overview

The Group registered total revenue of RM2.07 billion for the current 9 months period, which is RM94.9 million higher than the previous year's corresponding period of RM1.98 billion. In line with higher revenue, the profit before tax has increased by RM54.8 million to RM263.2 million when compared to RM208.4 million achieved in the previous year's corresponding period.

Gaming

Gaming sales for the current 9 months period at RM2.07 billion is higher than the previous year's corresponding period by 4.8% or RM94.9 million. The increase, despite 11 lesser draws, is mainly due to higher sales from the 4D Jackpot game arising from prolonged jackpot runs, sales generated from Magnum Life game which was launched in April 2018 and 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 RM23.6 million from RM249.4 million recorded in the previous year's corresponding period to RM273.0 million achieved in the current 9 months period.

Investment Holdings and Others

Investment Holdings and Others division recorded a favourable variance of RM31.2 million in the current 9 months period mainly due to tax penalty of RM44.2 million and pre-tax profit of RM5.9 million recorded by information technology subsidiary in the previous year's corresponding period, off-set by higher fair value loss on investments of RM5.5 million in the current 9 months period.

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 30 September 2019 versus 30 June 2019**

	3 months ended		Changes	
	30.09.2019 RM'000	30.06.2019 RM'000	RM'000	%
Revenue				
- Gaming	652,077	666,230	(14,153)	-2.1%
- Investment holding and others	27	173	(146)	-84.4%
	652,104	666,403	(14,299)	-2.1%
Profit before tax				
- Gaming	73,897	103,222	(29,325)	-28.4%
- Investment holding and others	(3,074)	1,418	(4,492)	316.8%
	70,823	104,640	(33,817)	-32.3%

Overview

Despite 1 more draw in the current quarter, the Group reported a lower revenue by RM14.1 million when compared to the immediate preceding quarter.

In line with the lower revenue, the pre-tax profit for the current quarter at RM70.8 million was lower by RM33.8 million as compared to RM104.6 million recorded in the immediate preceding quarter.

Gaming

The lower gaming pre-tax profit of RM73.9 million in the current quarter as compared to RM103.2 million in the immediate preceding quarter is mainly due to lower sales from the 4D Jackpot game and higher prizes payout ratio in the current quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded an unfavourable variance of RM4.5 million in the current quarter mainly due to higher fair value loss on investments.

B3 Prospects

Although the number of Special Draws had been reduced in 2019, the Board is cautiously optimistic that the growth trend in the per draw revenue as observed in the current 9 months period 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 similar to 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		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Current income tax	21,150	28,054	77,340	74,023
(Over)/Under provision of income tax in prior years	(2)	99,795	-	99,795
Over-provision of Real Property Gains Tax in prior year	-	-	-	(16)
Total income tax expense	21,148	127,849	77,340	173,802

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 (Cont'd.)**B8 Borrowings**

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

	Secured RM'000
Long term	
Medium term notes	674,511
Short term	
Medium term notes	224,320
Total	<u>898,831</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 third interim single tier dividend of 4.0 sen per share (2018 : 4.0 sen per share) for the financial period, bring the total dividend declared to date for the financial year ending 31 December 2019 to 13.0 sen per share (2018 : 11.0 sen per share).

The third interim single tier dividend is to be paid on 27 December 2019 to shareholders registered on the Register of Depositors at the close of business on 16 December 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		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Profit/(Loss) for the financial period attributable to owners of the Company (RM'000)	48,008	(70,509)	182,437	32,482
Weighted average number of ordinary shares in issue ('000)	1,422,955	1,422,955	1,422,955	1,422,955
Basic Earnings/(Loss) per share (sen)	3.37	(4.96)	12.82	2.28

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 2018 was not qualified.

B13 Profit before tax

	3 months ended 30.09.2019 RM'000	9 months ended 30.09.2019 RM'000
The profit before taxation for the financial period is arrived at after charging/(crediting):		
Amortisation of intangible assets	2	10
Changes in fair value of investment securities	2,296	6,557
Depreciation of property, plant and equipment	2,694	6,895
Depreciation of investment properties	2	5
Depreciation of right-of-use assets	207	620
Gain on disposal of property, plant and equipment	-	(169)
Interest expense	12,927	38,182
Interest income	(3,440)	(11,304)
Property, plant and equipment written off	5	22
Write-back of provision for doubtful debts	-	(3)
	<hr/>	<hr/>

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
19 November 2019