



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

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	630,932	724,405	2,705,685	2,704,254
Cost of sales	(515,954)	(577,993)	(2,212,000)	(2,201,205)
Gross profit	114,978	146,412	493,685	503,049
Other income	8,375	7,346	20,205	19,088
Administrative expenses	(9,354)	(11,914)	(38,151)	(38,031)
Other expenses	(21,591)	(23,771)	(81,907)	(120,371)
<b>Operating profit</b>	<b>92,408</b>	<b>118,073</b>	<b>393,832</b>	<b>363,735</b>
Finance costs	(12,443)	(13,128)	(50,625)	(50,402)
<b>Profit before tax</b>	<b>79,965</b>	<b>104,945</b>	<b>343,207</b>	<b>313,333</b>
Income tax expense	(24,724)	(31,485)	(102,064)	(205,287)
<b>Profit for the financial year</b>	<b>55,241</b>	<b>73,460</b>	<b>241,143</b>	<b>108,046</b>
<b>Other comprehensive income</b>				
Foreign currency translation	4	(12)	16	(17)
Change in fair value of financial assets at fair-value-through-other comprehensive income	28,020	-	28,276	(32)
	28,024	(12)	28,292	(49)
<b>Total comprehensive income for the financial year</b>	<b>83,265</b>	<b>73,448</b>	<b>269,435</b>	<b>107,997</b>
<b>Profit for the financial period attributable to:</b>				
Owners of the Company	56,288	72,907	238,725	105,389
Non-controlling interests	(1,047)	553	2,418	2,657
	<b>55,241</b>	<b>73,460</b>	<b>241,143</b>	<b>108,046</b>
<b>Total comprehensive income for the financial year attributable to:</b>				
Owners of the Company	84,312	72,895	267,017	105,340
Non-controlling interests	(1,047)	553	2,418	2,657
	<b>83,265</b>	<b>73,448</b>	<b>269,435</b>	<b>107,997</b>
<b>Earnings per share attributable to owners of the Company (sen per share) :</b>				
Basic	3.96	5.12	16.78	7.41

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 DECEMBER 2019

	(UNAUDITED) AS AT 31.12.2019 RM'000	(AUDITED) AS AT 31.12.2018 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	73,770	65,093
Investment properties	540	546
Right-of-use assets	4,545	-
Investment securities	398,730	370,454
Intangible assets	2,738,331	2,738,347
Deferred tax assets	8,692	11,529
	<u>3,224,608</u>	<u>3,185,969</u>
<b>Current assets</b>		
Inventories	1,367	1,076
Investment securities	27,599	34,182
Receivables	38,855	26,395
Tax recoverable	6,590	4,447
Deposits, cash and bank balances	306,861	503,895
	<u>381,272</u>	<u>569,995</u>
<b>Total Assets</b>	<u><b>3,605,880</b></u>	<u><b>3,755,964</b></u>
<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	352,608	327,796
<b>Shareholders' equity</b>	<u>2,476,760</u>	<u>2,451,948</u>
<b>Non-controlling interests</b>	23,145	40,722
<b>Total equity</b>	<u>2,499,905</u>	<u>2,492,670</u>
<b>Non-current liabilities</b>		
Borrowings	674,530	713,480
Lease liability	3,599	-
Deferred tax liabilities	1,578	1,257
	<u>679,707</u>	<u>714,737</u>
<b>Current liabilities</b>		
Borrowings	224,471	224,426
Lease liability	1,322	-
Payables	197,091	265,005
Tax payable	3,384	59,126
	<u>426,268</u>	<u>548,557</u>
<b>Total liabilities</b>	<u>1,105,975</u>	<u>1,263,294</u>
<b>Total equity and liabilities</b>	<u><b>3,605,880</b></u>	<u><b>3,755,964</b></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<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 YEAR ENDED 31 DECEMBER 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
Effect of adoption of MFRS 9		80,103					80,103
	<b>2,154,357</b>	<b>(593,642)</b>	<b>(30,205)</b>	<b>1,029,541</b>	<b>40,416</b>		<b>2,600,467</b>
Total comprehensive income for the financial year	-	(49)	-	105,389	2,657		107,997
Dividends paid	-	-	-	(213,443)	-		(213,443)
Dividends paid to non-controlling interests	-	-	-	-	(2,234)		(2,234)
Acquisition of additional shares in a subsidiary from non-controlling interests	-	-	-	-	(117)		(117)
Transfer of fair value gain of financial assets at fair value through other comprehensive income upon divestment		(1,720)		1,720			-
<b>At 31 December 2018</b>	<b>2,154,357</b>	<b>(595,411)</b>	<b>(30,205)</b>	<b>923,207</b>	<b>40,722</b>		<b>2,492,670</b>
<b>At 1 January 2019</b>	2,154,357	(595,411)	(30,205)	923,207	40,722		2,492,670
Effect of adoption of MFRS 16	-	-	-	(303)	-		(303)
	<b>2,154,357</b>	<b>(595,411)</b>	<b>(30,205)</b>	<b>922,904</b>	<b>40,722</b>		<b>2,492,367</b>
Total comprehensive income for the financial year	-	28,292	-	238,725	2,418		269,435
Dividends paid	-	-	-	(241,902)	-		(241,902)
Dividends paid to non-controlling interests	-	-	-	-	(19,995)		(19,995)
<b>At 31 December 2019</b>	<b>2,154,357</b>	<b>(567,119)</b>	<b>(30,205)</b>	<b>919,727</b>	<b>23,145</b>		<b>2,499,905</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 YEAR ENDED 31 DECEMBER 2019

	12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	343,207	313,333
Adjustments for:		
Non-cash items	18,048	10,499
Non-operating items	30,795	33,436
Operating cash flows before working capital changes	392,050	357,268
Changes in working capital:		
Inventories	(292)	28
Receivables	(12,457)	5,512
Payables	(67,377)	78,622
Cash flows generated from operations	311,924	441,430
Real Property Gains Tax refund	-	16
Net income tax paid	(156,788)	(108,269)
<b>Net cash flows generated from operating activities</b>	155,136	333,177
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of :		
- property, plant and equipment	171	167
- investment securities	-	9,955
Purchase of :		
- investment securities	-	(34,321)
- property, plant and equipment	(19,007)	(11,549)
- additional shares in a subsidiary	-	(117)
Movement in cash deposits pledged	69	(507)
Net movement in fixed deposits with licensed bank	260	(7)
Net dividend received from quoted shares and unit trusts	546	120
Interest received	19,362	18,437
<b>Net cash flows used in investing activities</b>	1,401	(17,822)
<b>FINANCING ACTIVITIES</b>		
Dividends paid to shareholders	(241,902)	(213,443)
Dividends paid to the non-controlling interests of subsidiaries	(19,995)	(2,234)
Net (repayment)/drawdown of medium term notes	(40,000)	114,423
Lease liability repayment	(1,252)	-
Interest paid	(50,093)	(45,330)
<b>Net cash flows used in financing activities</b>	(353,242)	(146,584)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(196,705)	168,771
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	476,190	307,419
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	279,485	476,190
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	306,861	503,895
Cash deposits pledged	(27,376)	(27,445)
Cash deposits with licensed banks with maturity period of more than 3 months	-	(260)
	279,485	476,190

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>5,871</u>
<b>Liabilities</b>	
Lease liability	<u>(6,174)</u>
<b>Equity</b>	
Retained profits	<u>303</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 MRFS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The directors expect that the adoption of the above 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 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 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 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 ended 31 December 2019, amounting to RM56.918 million on 28 June 2019;
- (iii) a second interim single tier dividend of 5.0 sen per share in respect of financial year ended 31 December 2019, amounting to RM71.148 million on 27 September 2019; and
- (iii) a third interim single tier dividend of 4.0 sen per share in respect of financial year ended 31 December 2019, amounting to RM56.918 million on 27 December 2019.

**A8 Segmental Information**

	12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000
<b>Segmental Revenue</b>		
Gaming	2,705,039	2,704,053
Investment holdings & others	428,005	270,812
	3,133,044	2,974,865
Eliminations	(427,359)	(270,611)
Total	2,705,685	2,704,254
<b>Segmental Results</b>		
Gaming	347,674	352,616
Investment holdings & others	422,892	222,951
	770,566	575,567
Eliminations	(427,359)	(262,234)
Profit Before Tax	343,207	313,333

**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 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 December 2019</b>					
Current	FVTPL	27,599	-	-	27,599
Non-current	FVOCI	13,301	-	-	13,301
Non-current	FVOCI	-	-	385,429	385,429
		40,900	-	385,429	426,329
<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
		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 31 December 2019 versus the same quarter in 2018**

	3 months ended		Changes	
	31.12.2019 RM'000	31.12.2018 RM'000	RM'000	%
Revenue				
- Gaming	630,487	724,368	(93,881)	-13.0%
- Investment holding and others	445	37	408	1102.7%
	630,932	724,405	(93,473)	-12.9%
Profit before tax				
- Gaming	74,694	103,253	(28,559)	-27.7%
- Investment holding and others	5,271	1,692	3,579	-211.5%
	79,965	104,945	(24,980)	-23.8%

**Overview**

The Group registered total revenue of RM630.9 million for the current quarter, which is RM93.5 million lower than the previous year's corresponding quarter of RM724.4 million. In line with the lower revenue, the profit before tax has declined by RM25.0 million to RM79.9 million when compared to RM104.9 million achieved in the previous year's corresponding quarter. The lower Group pre-tax profit is mainly attributable to the lower pre-tax profit from Gaming division. However, this was mitigated by higher pre-tax profit recorded by the Investment Holding & Others division.

**Gaming**

Gaming sales for the current quarter at RM630.5 million is lower than the previous year's corresponding quarter by 13.0% or RM93.9 million. The decrease is mainly due to 3 lesser draws in the current quarter coupled with lower 4D Jackpot sales in current quarter.

In line with the lower gaming sales and higher payout ratio, current quarter's gaming pre-tax profit of RM74.7 million is lower by RM28.6 million when compared to RM103.3 million recorded in the previous year's corresponding quarter.

**Investment Holdings and Others**

Investment Holdings and Others division recorded a favourable variance of RM3.6 million in the current quarter mainly due to higher income from interest income and lower fair value loss on investments in the current quarter.

**12 months ended 31 December 2019 versus the same period in 2018**

	12 months ended		Changes	
	31.12.2019 RM'000	31.12.2018 RM'000	RM'000	%
Revenue				
- Gaming	2,705,039	2,704,053	986	0.0%
- Investment holding and others	646	201	445	221.4%
	2,705,685	2,704,254	1,431	0.1%
Profit before tax				
- Gaming	347,674	352,616	(4,942)	-1.4%
- Investment holding and others	(4,467)	(39,283)	34,816	88.6%
	343,207	313,333	29,874	9.5%

**Overview**

The Group registered total revenue of RM2.7 billion for the current financial year, which is RM1.4 million higher than the previous financial year. The profit before tax increased by RM29.9 million to RM343.2 million when compared to RM313.3 million achieved in the previous financial year.

**Gaming**

Gaming sales for the current financial year at RM2.7 billion is marginally higher than the previous financial year by RM1.0 million. The increase of gaming sales, despite 14 lesser draws, is mainly due to higher sales from the 4D Jackpot game arising from prolonged jackpot runs in the current year's first and second quarter and the result of a more sustained enforcement by authorities on illegal operators.

Despite the higher gaming sales, gaming pre-tax profit of RM347.7 million is lower by RM4.9 million when compared to RM352.6 million pre-tax profit recorded in the previous financial year. This is mainly due to higher prizes payout in the current financial year.

**Investment Holdings and Others**

Investment Holdings and Others division recorded a lower loss of RM4.5 million in current financial year when compared to RM39.3 million recorded in last financial year. It is mainly due to higher fair value loss on investments of RM6.6 million in the current financial year but mitigated by tax penalty of RM44.2 million incurred in last 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 2019 versus 30 September 2019**

	3 months ended		Changes	
	31.12.2019 RM'000	30.09.2019 RM'000	RM'000	%
Revenue				
- Gaming	630,487	652,077	(21,590)	-3.3%
- Investment holding and others	445	27	418	1548.1%
	630,932	652,104	(21,172)	-3.2%
Profit before tax				
- Gaming	74,694	73,897	797	1.1%
- Investment holding and others	5,271	(3,074)	8,345	271.5%
	79,965	70,823	9,142	12.9%

**Overview**

The Group reported a lower revenue by RM21.2 million when compared to the immediate preceding quarter, mainly due to drop in gaming sales with the same number of draws for both comparative quarters.

Despite the lower revenue, the pre-tax profit for the current quarter at RM79.9 million is higher by RM9.1 million as compared to RM70.8 million recorded in the immediate preceding quarter.

**Gaming**

Despite the lower gaming sales, the pre-tax profit of RM74.7 million in the current quarter is RM0.8 million higher as compared to RM73.9 million in the immediate preceding quarter. This is mainly due to lower prizes payout in the current quarter.

**Investment Holdings and Others**

Investment Holdings and Others division recorded a favourable variance of RM8.3 million in the current quarter mainly due to lower fair value loss on investments and higher investment income.

**B3 Prospects**

The legal gaming industry operators welcome the impending proposed implementation of a new stringent law which imposed mandatory jail as well as hefty penalty on both the seller as well as buyer to curb illegal gaming activities effectively in future. This is expected to contribute positively to the top line of the company.

Arising from Malaysia's close bilateral trade relationship with China and the recent novel coronavirus outbreak in China since last December that has caused a slow down in the global economy, Malaysia's economic growth is expected to be impacted for the next 3 months and this may affect the net disposable income of the players.

With the Company's Rebranding & Reimaging Exercise still on going and coupled with the regular launch of sales campaigns, the Board is optimistic that the financial impact on the year 2020 will be minimal.

**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	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Current income tax	19,234	35,992	96,574	110,015
(Over)/Under provision of income tax in prior years	2,329	(362)	2,329	99,433
Over-provision of Real Property Gains Tax in prior year	-	-	-	(16)
Deferred tax	3,161	(4,145)	3,161	(4,145)
<b>Total income tax expense</b>	<b>24,724</b>	<b>31,485</b>	<b>102,064</b>	<b>205,287</b>

The effective tax rate of the Group for the quarter and current financial year were higher than the statutory tax rate mainly due to non-deductibility of certain expenses.

**B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES (Cont'd.)****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 December 2019 are as follows:

	<b>Secured RM'000</b>
<b>Long term</b>	
Medium term notes	674,530
<b>Short term</b>	
Medium term notes	224,471
<b>Total</b>	<b><u>899,001</u></b>

The borrowings are denominated in Ringgit Malaysia.

**B9 Material Litigation**

On 29 November 2019 and 2 December 2019, Multi-Purpose International Limited ("MPIL"), a Labuan company which is wholly owned by Magnum Berhad (and which was set up pursuant to the Selective Capital Reduction ("SCR") exercise by Magnum Corporation Berhad), were served with notices of assessment with penalty for year of assessment 2014 to 2018, for a total amount of RM182,804,674.06

The Inland Revenue Board ("IRB") now claims that MPIL should be taxed under the Income Tax Act 1967 instead of the Labuan Business Activity Tax Act 1990. Since its establishment, MPIL's income including its interest income had been duly assessed under the Labuan Business Activity Tax Act 1990, a position which the IRB had never questioned in the past. Upon consulting its tax solicitors, the Board of Directors is of the view that there are reasonable grounds to challenge the validity of the said notices and the penalty imposed. This is especially given that the interest income which the IRB is seeking to subject to income tax had been disallowed as interest expense which were incurred for the same SCR exercise at the hand of the payer namely, Magnum Holdings Sdn. Bhd. and reflected as part of the settlement of previous tax audit conducted by the IRB on the Group in 2017.

On 3 January 2020, the High Court at Labuan had granted leave to MPIL to commence judicial review proceedings against the Director General of Inland Revenue to set aside the notices of assessment for the years of assessment 2014 to 2018. The High Court also granted MPIL a stay order against the payment of the disputed taxes until the determination of the judicial review application.

**B10 Dividends**

The Board of Directors is pleased to declare a third fourth single tier dividend of 3.0 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 16.0 sen per share (2018 : 15.0 sen per share).

The fourth interim single tier dividend is to be paid on 27 March 2020 to shareholders registered on the Register of Depositors at the close of business on 18 March 2020.

**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

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Profit for the financial year attributable to owners of the Company (RM'000)	56,288	72,907	238,725	105,389
Weighted average number of ordinary shares in issue ('000)	1,422,955	1,422,955	1,422,955	1,422,955
<b>Basic Earnings per share (sen)</b>	<b><u>3.96</u></b>	<b><u>5.12</u></b>	<b><u>16.78</u></b>	<b><u>7.41</u></b>

**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**

	<b>3 months ended 31.12.2019 RM'000</b>	<b>12 months ended 31.12.2019 RM'000</b>
<b>The profit before taxation for the financial period is arrived at after charging/(crediting):</b>		
Amortisation of intangible assets	5	15
Changes in fair value of investment securities	25	6,582
Depreciation of property, plant and equipment	3,223	10,118
Depreciation of investment properties	1	6
Depreciation of right-of-use assets	707	1,327
Gain on disposal of property, plant and equipment	-	(169)
Interest expense	12,443	50,625
Interest income	(8,012)	(19,316)
Property, plant and equipment written off	185	207
Write-back of provision for doubtful debts	-	(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**  
26 February 2020