



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

INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	66,178	485,705	776,546	1,145,803
Cost of sales	(65,864)	(395,972)	(680,574)	(936,647)
Gross profit	314	89,733	95,972	209,156
Other income	1,284	1,104	3,855	5,494
Administrative expenses	(7,586)	(9,844)	(27,598)	(28,925)
Other expenses	(11,447)	(21,572)	(40,949)	(49,182)
Operating (loss)/profit	(17,435)	59,421	31,280	136,543
Finance costs	(13,668)	(12,142)	(35,270)	(36,463)
(Loss)/profit before tax	(31,103)	47,279	(3,990)	100,080
Income tax expense	659	(16,975)	(17,168)	(37,808)
(Loss)/profit for the financial period	(30,444)	30,304	(21,158)	62,272
Other comprehensive (loss)/income				
Foreign currency translation	(1)	8	(9)	(5)
Change in fair value of financial assets at fair-value-through-other comprehensive income	(84)	378	(235)	280
	(85)	386	(244)	275
Total comprehensive (loss)/income for the financial period	(30,529)	30,690	(21,402)	62,547
(Loss)/profit for the financial period attributable to:				
Owners of the Company	(29,907)	30,259	(20,339)	62,187
Non-controlling interests	(537)	45	(819)	85
	(30,444)	30,304	(21,158)	62,272
Total comprehensive (loss)/income for the financial period attributable to:				
Owners of the Company	(29,992)	30,645	(20,583)	62,462
Non-controlling interests	(537)	45	(819)	85
	(30,529)	30,690	(21,402)	62,547
(Loss)/earnings per share attributable to owners of the Company (sen per share) :				
Basic	(2.08)	2.13	(1.42)	4.37

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	(UNAUDITED) AS AT 30.9.2021 RM'000	(AUDITED) AS AT 31.12.2020 RM'000
Assets		
Non-current assets		
Property, plant and equipment	61,151	65,743
Right-of-use assets	16,953	17,731
Investment properties	528	533
Investment securities	413,750	398,985
Intangible assets	2,738,306	2,738,317
Deferred tax assets	5,536	5,536
	<u>3,236,224</u>	<u>3,226,845</u>
Current assets		
Inventories	1,447	2,071
Investment securities	20,768	23,094
Receivables	36,326	44,289
Tax recoverable	32,063	7,125
Deposits, cash and bank balances	184,492	272,517
	<u>275,096</u>	<u>349,096</u>
Total Assets	<u>3,511,320</u>	<u>3,575,941</u>
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	2,154,357	2,154,357
Treasury Shares	(1,163)	(1,163)
Reserves	189,223	238,549
Shareholders' equity	<u>2,342,417</u>	<u>2,391,743</u>
Non-controlling interests	22,043	22,862
Total equity	<u>2,364,460</u>	<u>2,414,605</u>
Non-current liabilities		
Borrowings	683,900	758,517
Lease liabilities	5,482	6,022
Deferred tax liabilities	1,031	1,031
	<u>690,413</u>	<u>765,570</u>
Current liabilities		
Borrowings	274,950	189,996
Lease liabilities	1,362	1,334
Payables	156,082	198,245
Tax payable	-	6,191
Bank overdrafts	24,053	-
	<u>456,447</u>	<u>395,766</u>
Total liabilities	<u>1,146,860</u>	<u>1,161,336</u>
Total equity and liabilities	<u>3,511,320</u>	<u>3,575,941</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.63</u>	<u>1.66</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 2020 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	----- Attributable to Owners of the Company -----					TOTAL EQUITY RM'000
	-----Non-distributable -----					
	SHARE CAPITAL RM'000	OTHER RESERVES RM'000	TREASURY SHARES RM'000	RETAINED PROFITS RM'000	NON- CONTROLLING INTERESTS RM'000	
At 1 January 2020	2,154,357	(567,119)	(30,205)	920,231	22,645	2,499,909
Total comprehensive income for the financial period	-	275	-	62,187	85	62,547
Dividends paid	-	-	-	(78,263)	-	(78,263)
Distribution of treasury shares as share dividend	-	-	29,042	(29,042)	-	-
Purchase of additional shares in a subsidiary	-	-	-	-	(2)	(2)
At 30 September 2020	2,154,357	(566,844)	(1,163)	875,113	22,728	2,484,191
At 1 January 2021	2,154,357	(566,861)	(1,163)	805,410	22,862	2,414,605
Total comprehensive loss for the financial period	-	(244)	-	(20,339)	(819)	(21,402)
Dividends paid	-	-	-	(28,743)	-	(28,743)
At 30 September 2021	2,154,357	(567,105)	(1,163)	756,328	22,043	2,364,460

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	9 months ended	
	30.9.2021	30.9.2020
	RM'000	RM'000

OPERATING ACTIVITIES

(Loss)/profit before tax	(3,990)	100,080
Adjustments for:		
Non-cash items	9,119	8,692
Non-operating items	34,458	35,128
Operating cash flows before working capital changes	<u>39,587</u>	<u>143,900</u>
Changes in working capital:		
Inventories	624	(579)
Receivables	7,963	(7,179)
Payables	(32,627)	(15,037)
Cash flows generated from operations	<u>15,547</u>	<u>121,105</u>
Income tax refund	4,499	2,368
Income tax paid	(52,796)	(29,567)
Net cash flows (used in)/generated from operating activities	<u>(32,750)</u>	<u>93,906</u>

INVESTING ACTIVITIES

Proceeds from disposal of :		
- property, plant and equipment	86	5
Purchase of :		
- property, plant and equipment	(3,208)	(6,509)
- investment securities	(15,000)	-
- additional shares in a subsidiary	-	(2)
Movement in cash deposits pledged	6,637	(353)
Interest paid	(44,264)	(47,802)
Interest received	3,021	4,907
Net cash flows used in investing activities	<u>(52,728)</u>	<u>(49,754)</u>

FINANCING ACTIVITIES

Dividends paid to shareholders	(28,743)	(78,263)
Prepayment of lease liabilities	(1,120)	(1,075)
Issuance/(Repayment) of medium term notes	10,000	(50,000)
Transaction cost paid	(100)	(1,249)
Net cash flows used in financing activities	<u>(19,963)</u>	<u>(130,587)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

	(105,441)	(86,435)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>244,745</u>	<u>279,484</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>139,304</u>	<u>193,049</u>

Cash and cash equivalents consist of :

Deposits, cash and bank balances	184,492	220,778
Bank overdrafts	(24,053)	-
Cash deposits pledged	(21,135)	(27,729)
	<u>139,304</u>	<u>193,049</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 2020 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 2020. 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 2020.

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 2020, except for the adoption of the following amendments to MFRSs during the current financial period :

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 & MFRS 16	Interest Rate Benchmark Reform - Phase 2
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The adoption of the above does not have a material impact on the financial statements of the Group in the period of initial application.

At the date of authorisation of this unaudited interim financial statements, the following amendments to MFRSs 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 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Annual Improvements to MFRSs 2018-2020	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
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Amendments to MFRSs 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 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 was no unusual items affecting assets, liabilities, equity, net income, or cash flows during the period ended 30 September 2021, except for the Second Movement Control Order ("MCO 2.0") from 13 January 2021 to 18 February 2021, Third MCO ("MCO 3.0") starting from 6 May 2021 which subsequently turned into nationwide total lockdown [Full Movement Control Order 3.0 ("FMCO 3.0")] with effect from 1 June 2021 and was further extended to a later date with most states entering into Phase 4 under the National Recovery Plan by November 2021. Gaming revenue were significantly affected as we were not allowed to conduct sales for 18 draws (from 13 January 2021 to 14 February 2021 during the MCO 2.0 period) in whole of Malaysia, except Sarawak and cancellation of 52 draws (from 1 June 2021 to 13 September 2021 during the FMCO 3.0 period) until our gaming business was resumed nationwide on 14 September 2021 as approved by the Ministry of Finance.

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.

A EXPLANATORY NOTES PURSUANT TO MFRS 134**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 30 September 2021, the Company has paid a fourth interim single tier dividend of 2.0 sen per share in respect of financial year ended 31 December 2020, amounting to RM28.743 million on 26 March 2021.

A8 Segmental Information

	9 months ended	
	30.9.2021 RM'000	30.9.2020 RM'000
Segmental Revenue		
Gaming	776,339	1,145,621
Investment holdings & others	207	73,278
	<u>776,546</u>	<u>1,218,899</u>
Eliminations	-	(73,096)
Total	<u>776,546</u>	<u>1,145,803</u>
Segmental Results		
Gaming	2,159	106,831
Investment holdings & others	(6,149)	66,386
	<u>(3,990)</u>	<u>173,217</u>
Eliminations	-	(73,137)
(Loss)/profit before tax	<u>(3,990)</u>	<u>100,080</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 30 September 2021.

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 2021					
Current	FVTPL	20,768	-	-	20,768
Non-current	FVOCI	28,321	-	-	28,321
Non-current	FVOCI	-	-	385,429	385,429
		<u>49,089</u>	<u>-</u>	<u>385,429</u>	<u>434,518</u>
31 December 2020					
Current	FVTPL	23,094	-	-	23,094
Non-current	FVOCI	13,556	-	-	13,556
Non-current	FVOCI	-	-	385,429	385,429
		<u>36,650</u>	<u>-</u>	<u>385,429</u>	<u>422,079</u>

A12 Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last audited reporting date as at 31 December 2020.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of Performance of the Group****Quarter ended 30 September 2021 versus the same quarter in 2020**

	3 months ended		Changes	
	30.09.2021 RM'000	30.09.2020 RM'000	RM'000	%
Revenue				
- Gaming	66,014	485,570	(419,556)	-86.4%
- Investment holdings and others	164	135	29	21.5%
	66,178	485,705	(419,527)	-86.4%
(Loss)/profit before tax				
- Gaming	(29,655)	49,631	(79,286)	-159.8%
- Investment holdings and others	(1,448)	(2,352)	904	38.4%
	(31,103)	47,279	(78,382)	-165.8%

Overview

The Group registered a total revenue of RM66.2 million for the current quarter, which is RM419.5 million lower than the previous year's corresponding quarter of RM485.7 million. In line with lower revenue, the Group has registered a loss before tax of RM31.1 million as compared to RM47.3 million profit before tax recorded in the previous year's corresponding quarter. The lower Group revenue together with a pre-tax loss is mainly due to the Gaming division.

Gaming

Gaming sales for the current quarter at RM66.0 million is lower than the previous year's corresponding quarter by 86.4% or RM419.6 million. A total of 37 draws were being cancelled in the current quarter since the announced total lockdown known as FMCO 3.0 with effect from 1 June 2021 by the Government of Malaysia. However, our gaming business has resumed nationwide on 14 September 2021 as approved by the Ministry of Finance and 8 draws were being conducted in the current quarter as opposed to 42 draws in the previous year's corresponding quarter.

In line with the lower gaming sales coupled with higher prizes payout, Gaming division recorded a pre-tax loss of RM29.7 million as compared to pre-tax profit of RM49.6 million recorded in the previous year's corresponding quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a favourable variance by RM0.9 million mainly due to lower fair value loss on investments and lower administrative expenses in the current quarter.

9 months ended 30 September 2021 versus the same period in 2020

	9 months ended		Changes	
	30.09.2021 RM'000	30.09.2020 RM'000	RM'000	%
Revenue				
- Gaming	776,339	1,145,621	(369,282)	-32.2%
- Investment holdings and others	207	182	25	13.7%
	776,546	1,145,803	(369,257)	-32.2%
(Loss)/profit before tax				
- Gaming	1,033	106,831	(105,798)	-99.0%
- Investment holdings and others	(5,023)	(6,751)	1,728	25.6%
	(3,990)	100,080	(104,070)	-104.0%

Overview

The Group registered a total revenue of RM776.5 million for the current 9 months period, which is RM369.3 million lower than the previous year's corresponding period of RM1,145.8 million. In line with the lower revenue, the Group has registered a loss before tax of RM4.0 million as compared to profit before tax of RM100.1 million achieved in the previous year's corresponding period. The lower Group revenue together with a pre-tax loss is mainly due to the Gaming division.

Gaming

Gaming sales for the current 9 months period at RM776.3 million is lower than the previous year's corresponding period by 32.2% or RM369.3 million. This decrease was mainly due to lesser number of draws conducted in the current 9 months period (2021:81 draws ; 2020:84 draws). Out of 81 draws conducted in the first 9 months in FY2021, 18 of the draws carried out during the first quarter of FY2021 were affected by MCO 2.0 where only Sarawak's sales outlets were allowed to operate.

In line with the lower gaming sales for the current 9 months period and the higher prizes payout, gaming pre-tax profit decreased by RM105.8 million from RM106.8 million recorded in the previous year's corresponding period to RM1.0 million achieved in the current 9 months period.

Investment Holdings and Others

Investment Holdings and Others division recorded a favourable variance of RM1.7 million in the current 9 months period mainly due to lower fair value loss on investments and lower administrative expenses recorded in the current 9 months period.

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 September 2021 versus 30 June 2021**

	3 months ended		Changes	
	30.09.2021 RM'000	30.06.2021 RM'000	RM'000	%
Revenue				
- Gaming	66,014	326,467	(260,453)	-79.8%
- Investment holdings and others	164	20	144	720.0%
	66,178	326,487	(260,309)	-79.7%
(Loss)/profit before tax				
- Gaming	(29,655)	16,972	(46,627)	-274.7%
- Investment holdings and others	(1,448)	(2,504)	1,056	42.2%
	(31,103)	14,468	(45,571)	-315.0%

Overview

The Group registered a total revenue of RM66.2 million for the current quarter, which is RM260.3 million lower than the immediate preceding quarter of RM326.5 million. In line with lower revenue, the Group has registered a loss before tax of RM31.1 million as compared to RM14.5 million profit before tax recorded in the immediate preceding quarter. The lower Group revenue together with a pre-tax loss is mainly due to the Gaming division.

Gaming

Gaming sales for the current quarter at RM66.0 million is lower than the immediate preceding quarter by 79.8% or RM260.5 million. In line with the lower gaming sales coupled with higher prizes payout, Gaming division recorded a pre-tax loss of RM29.7 million in the current quarter as compared to pre-tax profit of RM17.0 million recorded in the immediate preceding quarter. The lower revenue was mainly due to lesser number of draws conducted in the current quarter (2021 Q3:8 draws ; 2021 Q2:28 draws).

Investment Holdings and Others

Investment Holdings and Others division recorded a favourable variance of RM1.1 million in the current quarter mainly due to lower fair value loss on investments and lower administrative expenses in the current quarter.

B3 Prospects

Based on the various immunisation programmes and SOP implemented by the government, this has help to instill greater public confidence and as such, we anticipate that most economic and social activities will begin to be reopened and return to a higher level of activity.

The Group will be rolling out numerous programmes to recover and regain market share that we have lost to the illegal operators due to the various pandemic lockdowns. However, the threat of illegals continues to be a challenge to the industry.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Current income tax	(657)	17,020	17,800	37,853
Over provision in prior year	(2)	(45)	(632)	(45)
Total income tax expense	(659)	16,975	17,168	37,808

The effective tax rate of the Group for the current 9 months period and the previous corresponding 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.

B8 Borrowings

The Group's borrowings as at 30 September 2021 are as follows:

	Secured RM'000
Long term	
Medium term notes	683,900
Short term	
Medium term notes	274,950
Total	958,850

The borrowings are denominated in Ringgit Malaysia.

B9 Material Litigation

There is no pending material litigation as at the date of this announcement.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B10 Dividends**

The Board of Directors do not propose the payment of any dividend for the current financial period under review (2020 : cash and share dividend of 6.54 sen per share).

B11 Basic (Loss)/Earnings Per Share

Basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
(Loss)/Profit for the financial period attributable to owners of the Company (RM'000)	(29,907)	30,259	(20,339)	62,187
Weighted average number of ordinary shares in issue ('000)	1,437,179	1,423,215	1,437,179	1,423,215
Basic (loss)/earnings per share (sen)	(2.08)	2.13	(1.42)	4.37

B12 Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2020 was not qualified.

B13 (Loss)/profit before tax

	3 months ended	9 months ended
	30.9.2021	30.9.2021
	RM'000	RM'000
The (loss)/profit before taxation for the financial period is arrived at after charging/(crediting):		
Amortisation of intangible assets	3	11
Changes in fair value of investment securities	1,010	2,326
Depreciation of property, plant and equipment	2,673	7,786
Depreciation of investment properties	2	5
Depreciation of right-of-use assets	444	1,303
Gain on disposal of property, plant and equipment	-	(86)
Interest expense	13,668	35,270
Interest income	(1,004)	(3,052)
Property, plant and equipment written off	1	14
Rental rebates	(6)	(14)

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
25 November 2021