



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

INTERIM FINANCIAL STATEMENTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	483,010	527,350	1,259,556	1,673,153
Cost of sales	(412,616)	(436,197)	(1,093,190)	(1,372,844)
Gross profit	70,394	91,153	166,366	300,309
Other income	8,043	6,951	11,898	12,445
Administrative expenses	(4,179)	(6,687)	(31,777)	(35,612)
Other expenses	(33,708)	(36,064)	(74,657)	(85,246)
Operating profit	40,550	55,353	71,830	191,896
Finance costs	(11,323)	(11,457)	(46,593)	(47,920)
Profit before tax	29,227	43,896	25,237	143,976
Income tax expense	(9,418)	(84,722)	(26,586)	(122,530)
Profit/(loss) for the financial year	19,809	(40,826)	(1,349)	21,446
Other comprehensive income/(loss)				
Foreign currency translation	1	8	(8)	3
Change in fair value of financial assets at fair-value-through-other comprehensive income	(77)	(25)	(312)	255
	(76)	(17)	(320)	258
Total comprehensive income/(loss) for the financial year	19,733	(40,843)	(1,669)	21,704
Profit/(loss) for the financial year attributable to:				
Owners of the Company	20,523	(40,960)	184	21,227
Non-controlling interests	(714)	134	(1,533)	219
	19,809	(40,826)	(1,349)	21,446
Total comprehensive income/(loss) for the financial year attributable to:				
Owners of the Company	20,447	(40,977)	(136)	21,485
Non-controlling interests	(714)	134	(1,533)	219
	19,733	(40,843)	(1,669)	21,704
Earnings/(loss) per share attributable to owners of the Company (sen per share) :				
Basic	1.43	(2.87)	0.01	1.49

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 31 DECEMBER 2021

	(UNAUDITED) AS AT 31.12.2021 RM'000	(AUDITED) AS AT 31.12.2020 RM'000
Assets		
Non-current assets		
Property, plant and equipment	60,341	65,743
Right-of-use assets	16,501	17,731
Investment properties	526	533
Investment securities	388,523	398,985
Intangible assets	2,738,300	2,738,317
Deferred tax assets	5,337	5,536
	<u>3,209,528</u>	<u>3,226,845</u>
Current assets		
Inventories	1,292	2,071
Investment securities	35,245	23,094
Receivables	48,226	44,289
Tax recoverable	24,463	7,125
Deposits, cash and bank balances	192,676	272,517
	<u>301,902</u>	<u>349,096</u>
Total Assets	<u>3,511,430</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	209,670	238,549
Shareholders' equity	<u>2,362,864</u>	<u>2,391,743</u>
Non-controlling interests	21,329	22,862
Total equity	<u>2,384,193</u>	<u>2,414,605</u>
Non-current liabilities		
Borrowings	774,007	758,517
Lease liabilities	5,150	6,022
Deferred tax liabilities	805	1,031
	<u>779,962</u>	<u>765,570</u>
Current liabilities		
Borrowings	174,981	189,996
Lease liabilities	1,329	1,334
Payables	169,645	198,245
Tax payable	1,320	6,191
	<u>347,275</u>	<u>395,766</u>
Total liabilities	<u>1,127,237</u>	<u>1,161,336</u>
Total equity and liabilities	<u>3,511,430</u>	<u>3,575,941</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.64</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 YEAR ENDED 31 DECEMBER 2021**

	----- 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 2020	2,154,357	(567,119)	(30,205)	920,231	22,645		2,499,909
Total comprehensive income for the financial year	-	258	-	21,227	219		21,704
Dividends paid	-	-	-	(107,006)	-		(107,006)
Distribution of treasury shares as share dividend	-	-	29,042	(29,042)	-		-
Purchase of additional shares in a subsidiary	-	-	-	-	(2)		(2)
At 31 December 2020	2,154,357	(566,861)	(1,163)	805,410	22,862		2,414,605
At 1 January 2021	2,154,357	(566,861)	(1,163)	805,410	22,862		2,414,605
Total comprehensive income/(loss) for the financial year	-	(320)	-	184	(1,533)		(1,669)
Dividends paid	-	-	-	(28,743)	-		(28,743)
At 31 December 2021	2,154,357	(567,181)	(1,163)	776,851	21,329		2,384,193

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 YEAR ENDED 31 DECEMBER 2021

	12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000
OPERATING ACTIVITIES		
Profit before tax	25,237	143,976
Adjustments for:		
Non-cash items	24,907	17,406
Non-operating items	36,722	35,843
Operating cash flows before working capital changes	<u>86,866</u>	<u>197,225</u>
Changes in working capital:		
Inventories	778	(704)
Receivables	1,543	(2,524)
Payables	(28,236)	4,962
Cash flows generated from operations	<u>60,951</u>	<u>198,959</u>
Net income tax paid	(48,820)	(117,650)
Finance cost paid	(310)	(370)
Net cash flows generated from operating activities	<u>11,821</u>	<u>80,939</u>
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	143	5
Purchase of :		
- property, plant and equipment	(4,570)	(14,628)
- investment securities	(15,000)	-
- additional shares in a subsidiary	-	(2)
Movement in cash deposits pledged	9,476	(395)
Dividend received	143	245
Interest paid	(45,625)	(47,550)
Interest received	3,804	6,391
Net cash flows used in investing activities	<u>(51,629)</u>	<u>(55,934)</u>
FINANCING ACTIVITIES		
Dividends paid to shareholders	(28,743)	(107,006)
Prepayment of lease liabilities	(1,714)	(1,490)
Issuance of medium term notes	-	50,000
Transaction cost paid	(100)	(1,248)
Net cash flows used in financing activities	<u>(30,557)</u>	<u>(59,744)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(70,365)</u>	<u>(34,739)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<u>244,745</u>	<u>279,484</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>174,380</u>	<u>244,745</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	192,676	272,517
Cash deposits pledged	(18,296)	(27,772)
	<u>174,380</u>	<u>244,745</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 year :

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
---	--

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
---------	---------------------

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
------------------------------------	---

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 year ended 31 December 2021, except for the various movement control orders enforced during the year. Accordingly, 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). 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 year.

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 year.

A7 Dividends Paid

During the financial year ended 31 December 2021, the Company has paid a fourth interim single tier dividend of 2.0 sen per share amounted to RM28.743 million, in respect of financial year ended 31 December 2020 on 26 March 2021.

A8 Segmental Information

	12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000
Segmental Revenue		
Gaming	1,259,328	1,672,816
Investment holdings & others	101,850	73,474
	<u>1,361,178</u>	<u>1,746,290</u>
Eliminations	(101,622)	(73,137)
Total	<u>1,259,556</u>	<u>1,673,153</u>
Segmental Results		
Gaming	35,685	163,341
Investment holdings & others	91,174	54,772
	<u>126,859</u>	<u>218,113</u>
Eliminations	(101,622)	(74,137)
Profit before tax	<u>25,237</u>	<u>143,976</u>

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 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
31 December 2021					
Current	FVTPL	35,245	-	-	35,245
Non-current	FVOCI	3,094	-	385,429	388,523
		<u>38,339</u>	-	<u>385,429</u>	<u>423,768</u>
31 December 2020					
Current	FVTPL	23,094	-	-	23,094
Non-current	FVOCI	13,556	-	385,429	398,985
		<u>36,650</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 31 December 2021 versus the same quarter in 2020**

	3 months ended		Changes	
	31.12.2021 RM'000	31.12.2020 RM'000	RM'000	%
Revenue				
- Gaming	482,989	527,195	(44,206)	-8.4%
- Investment holdings and others	21	155	(134)	-86.5%
	483,010	527,350	(44,340)	-8.4%
Profit/(Loss) before tax				
- Gaming	34,652	56,510	(21,858)	-38.7%
- Investment holdings and others	(5,425)	(12,614)	7,189	57.0%
	29,227	43,896	(14,669)	-33.4%

Overview

During the current quarter under review, the Group registered a total revenue of RM483.0 million, which is RM44.3 million lower than the previous year's corresponding quarter. In tandem with lower revenue, the Group recorded a lower profit before tax of RM29.2 million as compared to RM43.9 million in the previous year's corresponding quarter. The lower profit by RM14.7 million was due to lower profit before tax made by the Gaming division but moderated somewhat by lower loss recorded by the Investment Holdings and Others division.

Gaming

Despite higher number of draws conducted during the current quarter, the Group recorded a lower gaming sales at RM483.0 million which is RM44.2 million or 8.4% lower than previous year's corresponding quarter sales at RM527.2 million. The lower revenue, as compared to Q4 FY 2020, was mainly due to slower recovery in Q4 FY 2021 after the FMCO was lifted in Q3 FY 2021.

In line with the lower sales, the Group made a lower profit before tax of RM34.7 million which is RM21.8 million lower when compared to RM56.5 million profit before tax recorded for last year's corresponding quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a lower pre-tax loss of RM5.4 million compared to RM12.6 million pre-tax loss recorded in the previous year's corresponding quarter. The lower pre-tax loss by RM7.2 million was mainly due to higher fair value loss on investments registered in current quarter but mitigated by tax penalty incurred in last year's corresponding quarter.

12 months ended 31 December 2021 versus the same period in 2020

	12 months ended		Changes	
	31.12.2021 RM'000	31.12.2020 RM'000	RM'000	%
Revenue				
- Gaming	1,259,328	1,672,816	(413,488)	-24.7%
- Investment holdings and others	228	337	(109)	-32.3%
	1,259,556	1,673,153	(413,597)	-24.7%
Profit/(Loss) before tax				
- Gaming	35,685	163,341	(127,656)	-78.2%
- Investment holdings and others	(10,448)	(19,365)	8,917	46.0%
	25,237	143,976	(118,739)	-82.5%

Overview

The Group registered a total revenue of RM1.259 billion for the current financial year, which is RM413.6 million lower than last year's RM1.673 billion. In tandem with the lower revenue, the Group has registered a lower profit before tax at RM25.2 million as compared to RM144.0 million achieved in the last financial year. The lower revenue and profit before taxation are primarily attributable to the Gaming division.

Gaming

Gaming sales for the current financial year at RM1.259 billion is lower than the previous year by 24.7% or RM413.5 million. This decrease was mainly due to the aftermath effect of various MCOs where illegal operators were more aggressive over the past 18 months and as a result, we have lost market share to the illegal operators.

With a lower gaming sales and coupled with higher prizes payout in the current financial year, the Gaming pre-tax profit has decreased by RM127.7 million from RM163.3 million recorded in previous financial year.

Investment Holdings and Others

Investment Holdings and Others division recorded a pre-tax loss of RM10.4 million in current financial year compared to RM19.4 million pre-tax loss in last financial year. The lower pre-tax loss by RM8.9 million was mainly due to higher fair value loss on investments recorded in the current financial year compared to a tax penalty incurred in the last financial year.

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 31 December 2021 versus 30 September 2021**

	3 months ended		Changes	
	31.12.2021 RM'000	30.09.2021 RM'000	RM'000	%
Revenue				
- Gaming	482,989	66,014	416,975	631.6%
- Investment holdings and others	21	164	(143)	-87.2%
	483,010	66,178	416,832	629.9%
Profit/(Loss) before tax				
- Gaming	34,652	(29,655)	64,307	-216.9%
- Investment holdings and others	(5,425)	(1,448)	(3,977)	-274.7%
	29,227	(31,103)	60,330	-194.0%

Overview

The Group registered a total revenue of RM483.0 million which is RM416.8 million higher when compared to preceding quarter of RM66.2 million. Accordingly, the Group registered a higher profit before tax by RM60.3 million which was contributed mainly by Gaming division.

Gaming

Gaming sales for the current quarter under review at RM483.0 million is higher than that in preceding quarter by RM417.0 million as a result of higher number of draws conducted in the current quarter (2021 Q4 : 45 draws; 2021 Q3 : 8 draws) as preceding quarter was affected by nationwide closure as a result of FMCO 3.0. Due to higher sales and lower prize payout, the Gaming division recorded a pre-tax profit of RM34.7 million in the current quarter as compared to a pre-tax loss of RM29.7 million recorded in the preceding quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a higher pre-tax loss of RM5.4 million as compared to RM1.4 million in the preceding quarter. The higher loss was mainly due to higher fair value loss on investments but mitigated by higher investment income.

B3 Prospects

As reported by the MOH on 21 February 2022, around 78.8% of Malaysia's total population are fully vaccinated with 2 doses and 43.1% completed booster shots. In addition, the vaccination programme for children aged ranging from 5 to 11 has been rolled out in February 2022. With the plan to reopen its borders gradually, it is anticipated that the Malaysia's economy will be on recovery path in 2022.

Along with the national recovery plan implemented by the Government of Malaysia, the Group has started rolling out numerous programmes to recover and regain market share that we have lost to the illegal operators during the past 18 months. When the whole country enters into an endemic phase from pandemic phase for Covid-19, the gaming industry as a whole is expected to recover strongly in financial year 2022 and beyond.

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.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B6 Income Tax Expense**

	3 months ended		12 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Current income tax	9,989	19,736	27,789	57,589
(Over)/under provision in prior years	(544)	62,378	(1,176)	62,333
	9,445	82,114	26,613	119,922
Deferred tax	(27)	2,608	(27)	2,608
Total income tax expense	9,418	84,722	26,586	122,530

The effective tax rate of the Group for the current financial year and the previous corresponding year 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 31 December 2021 are as follows:

	Secured RM'000
Long term	
Medium term notes	774,007
Short term	
Medium term notes	174,981
Total	948,988

The borrowings are denominated in Ringgit Malaysia.

B9 Material Litigation

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

B10 Dividends

The Board of Directors is pleased to declare a first interim single tier dividend of 1.5 sen per share (2020 : 2.0 sen per share) for the current financial period, bring the total dividend declared to date for the financial year ended 31 December 2021 to 1.5 sen per share (2020 : cash and share dividend of 8.54 sen per share).

The first interim single tier dividend is to be paid on 25 March 2022 to shareholders registered on the Register of Depositors at the close of business on 14 March 2022.

B11 Basic Earnings/(Loss) Per Share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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.

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit/(loss) for the financial year attributable to owners of the Company (RM'000)	20,523	(40,960)	184	21,227
Weighted average number of ordinary shares in issue ('000)	1,437,179	1,426,725	1,437,179	1,426,725
Basic earnings/(loss) per share (sen)	1.43	(2.87)	0.01	1.49

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**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 Profit/(loss) before tax

	3 months ended ended 31.12.2021 RM'000	12 months ended 31.12.2021 RM'000
The profit/(loss) before taxation for the financial year is arrived at after charging/(crediting):		
Amortisation of intangible assets	6	17
Changes in fair value of investment securities	10,674	13,000
Depreciation of investment properties	2	7
Depreciation of property, plant and equipment	2,172	9,958
Depreciation of right-of-use assets	449	1,752
Interest expense	11,323	46,593
Property, plant and equipment written off	2	16
Gain on disposal of property, plant and equipment	(57)	(143)
Interest income	(6,229)	(9,281)

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
24 February 2022