



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

INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Revenue	501,042	383,881
Cost of sales	<u>(420,904)</u>	<u>(336,581)</u>
Gross profit	80,138	47,300
Other income	1,234	1,283
Administrative expenses	(11,692)	(10,035)
Other expenses	<u>(25,688)</u>	<u>(15,119)</u>
Operating profit	43,992	23,429
Finance costs	<u>(11,543)</u>	<u>(10,784)</u>
Profit before tax	32,449	12,645
Income tax expense	<u>(15,584)</u>	<u>(5,306)</u>
Profit for the financial period	<u>16,865</u>	<u>7,339</u>
Other comprehensive income		
Foreign currency translation	(1)	(7)
Change in fair value of financial assets at fair-value-through-other comprehensive income	(69)	(135)
	(70)	(142)
Total comprehensive income for the financial period	<u>16,795</u>	<u>7,197</u>
Profit for the financial period attributable to:		
Owners of the Company	16,657	7,517
Non-controlling interests	208	(178)
	<u>16,865</u>	<u>7,339</u>
Total comprehensive income for the financial period attributable to:		
Owners of the Company	16,587	7,375
Non-controlling interests	208	(178)
	<u>16,795</u>	<u>7,197</u>
Earnings per share attributable to owners of the Company (sen per share) :		
Basic	<u>1.16</u>	<u>0.52</u>

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	(UNAUDITED) AS AT 31.03.2022 RM'000	(AUDITED) AS AT 31.12.2021 RM'000
Assets		
Non-current assets		
Property, plant and equipment	59,676	60,341
Right-of-use assets	15,909	16,501
Investment properties	524	526
Investment securities	388,507	388,523
Intangible assets	2,738,298	2,738,302
Deferred tax assets	5,337	5,337
	<u>3,208,251</u>	<u>3,209,530</u>
Current assets		
Inventories	1,095	1,292
Investment securities	27,650	35,245
Receivables	48,063	47,117
Tax recoverable	13,979	24,463
Deposits, cash and bank balances	220,756	192,676
	<u>311,543</u>	<u>300,793</u>
Total Assets	<u>3,519,794</u>	<u>3,510,323</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	204,699	209,670
Shareholders' equity	<u>2,357,893</u>	<u>2,362,864</u>
Non-controlling interests	<u>21,537</u>	<u>21,329</u>
Total equity	<u>2,379,430</u>	<u>2,384,193</u>
Non-current liabilities		
Borrowings	649,172	774,006
Lease liabilities	4,757	5,150
Deferred tax liabilities	805	805
	<u>654,734</u>	<u>779,961</u>
Current liabilities		
Borrowings	299,966	174,982
Lease liabilities	1,329	1,329
Payables	181,880	168,538
Tax payable	2,455	1,320
	<u>485,630</u>	<u>346,169</u>
Total liabilities	<u>1,140,364</u>	<u>1,126,130</u>
Total equity and liabilities	<u>3,519,794</u>	<u>3,510,323</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.64</u>	<u>1.64</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 2021 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022**

	----- 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 2021	2,154,357	(566,861)	(1,163)	805,410		22,862	2,414,605
Total comprehensive income for the financial period	-	(142)	-	7,517		(178)	7,197
Dividends paid	-	-	-	(28,743)		-	(28,743)
At 31 March 2021	2,154,357	(567,003)	(1,163)	784,184		22,684	2,393,059
At 1 January 2022	2,154,357	(567,181)	(1,163)	776,851		21,329	2,384,193
Total comprehensive income for the financial period	-	(70)	-	16,657		208	16,795
Dividends paid	-	-	-	(21,558)		-	(21,558)
At 31 March 2022	2,154,357	(567,251)	(1,163)	771,950		21,537	2,379,430

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2022

	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
OPERATING ACTIVITIES		
Profit before tax	32,449	12,645
Adjustments for:		
Non-cash items	2,631	2,920
Non-operating items	17,953	10,166
Operating cash flows before working capital changes	<u>53,033</u>	<u>25,731</u>
Changes in working capital:		
Inventories	197	367
Receivables	(938)	3,707
Payables	22,619	(4,860)
Cash flows generated from operations	<u>74,911</u>	<u>24,945</u>
Income tax refund	31	630
Income tax paid	<u>(3,996)</u>	<u>(24,033)</u>
Net cash flows generated from operating activities	70,946	1,542
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	42	22
Purchase of :		
- property, plant and equipment	(1,409)	(882)
- investment securities	-	(15,000)
Movement in cash deposits pledged	(6)	(10)
Interest paid	(20,609)	(21,239)
Interest received	1,102	949
Net cash flows used in investing activities	(20,880)	(36,160)
FINANCING ACTIVITIES		
Dividends paid to shareholders	(21,558)	(28,743)
Repayment of lease liabilities	(434)	(425)
Net cash flows used in financing activities	(21,992)	(29,168)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	28,074	(63,786)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	176,270	244,745
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>204,344</u>	<u>180,959</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	220,756	208,741
Cash deposits pledged	(16,412)	(27,782)
	<u>204,344</u>	<u>180,959</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 2021 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 2021. 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 2021.

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 2021, 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 2022

Annual improvements to MFRS Standards 2018-2020 :

- Amendments to MFRS 1	Adoption of MFRSs
- Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

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 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 quarter ended 31 March 2022.

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 31 March 2022, the Company has paid a first interim single tier dividend of 1.5 sen per share in respect of financial year ended 31 December 2021, amounting to RM21.558 million on 25 March 2022.

A8 Segmental Information

	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
Segmental Revenue		
Gaming	501,020	383,858
Investment holdings & others	21,593	23
	<u>522,613</u>	<u>383,881</u>
Eliminations	(21,571)	-
Total	<u>501,042</u>	<u>383,881</u>
Segmental Results		
Gaming	40,683	13,716
Investment holdings & others	13,337	(1,071)
	<u>54,020</u>	<u>12,645</u>
Eliminations	(21,571)	-
Profit Before Tax	<u>32,449</u>	<u>12,645</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 31 March 2022.

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 March 2022					
Current	FVTPL	17,553	-	-	17,553
Current	FVOCI	10,097	-	-	10,097
Non-current	FVOCI	3,078	-	385,429	388,507
		<u>30,728</u>	<u>-</u>	<u>385,429</u>	<u>416,157</u>
31 December 2021					
Current	FVTPL	25,094	-	-	25,094
Current	FVOCI	10,151	-	-	10,151
Non-current	FVOCI	3,094	-	385,429	388,523
		<u>38,339</u>	<u>-</u>	<u>385,429</u>	<u>423,768</u>

A12 Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last audited reporting date as at 31 December 2021.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of Performance of the Group****Quarter ended 31 March 2022 versus the same quarter in 2021**

	3 months ended		Changes	
	31.03.2022 RM'000	31.03.2021 RM'000	RM'000	%
Revenue				
- Gaming	501,020	383,858	117,162	30.5%
- Investment holdings and others	22	23	(1)	-4.3%
	501,042	383,881	117,161	30.5%
Profit/(Loss) before tax				
- Gaming	40,683	13,716	26,967	196.6%
- Investment holdings and others	(8,234)	(1,071)	(7,163)	-668.8%
	32,449	12,645	19,804	156.6%

Overview

The Group registered a total revenue of RM501.0 million for the current quarter, which is RM117.1 million higher than the previous year's corresponding quarter of RM383.9 million. In line with higher revenue, the profit before tax increased by RM19.8 million to RM32.4 million when compared to RM12.6 million recorded in the previous year's corresponding quarter. The higher Group revenue and pre-tax profit is mainly attributable to the Gaming division.

Gaming

Gaming sales for the current quarter at RM501.0 million is higher than the previous year's corresponding quarter by 30.5% or RM117.1 million. Gaming sales in the previous year's corresponding quarter had been adversely affected by the announced Movement Control Order 2.0 by the Government of Malaysia whereby only sales outlets in Sarawak were allowed to operate during 18 draws from 13 January 2021 to 14 February 2021.

In line with the higher gaming sales, gaming pre-tax profit increased by RM27.0 million to RM40.7 million in the current quarter compared to RM13.7 million recorded in the previous year's corresponding quarter. The higher gaming pre-tax profit was also due to a lower prizes payout ratio for current quarter as compared to the previous year's corresponding quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a higher loss of RM8.2 million in the current quarter mainly due to higher fair value loss on investments in the current quarter.

B2 Material change in Profit Before Tax for the current quarter compared with the immediate preceding quarter**Quarter ended 31 March 2022 versus 31 December 2021**

	3 months ended		Changes	
	31.03.2022 RM'000	31.12.2021 RM'000	RM'000	%
Revenue				
- Gaming	501,020	482,989	18,031	3.7%
- Investment holdings and others	22	21	1	4.8%
	501,042	483,010	18,032	3.7%
Profit/(Loss) before tax				
- Gaming	40,683	34,652	6,031	17.4%
- Investment holdings and others	(8,234)	(5,425)	(2,809)	-51.8%
	32,449	29,227	3,222	11.0%

Overview

The Group reported a revenue of RM501.0 million in the current quarter, which is RM18.0 million higher when compared to the immediate preceding quarter of RM483.0 million. In line with the higher revenue, the pre-tax profit for the current quarter at RM32.4 million was higher as compared to RM29.2 million recorded in the immediate preceding quarter. The higher pre-tax profit by RM3.2 million is mainly due to higher pre-tax profit recorded by Gaming division, offsetted by the higher pre-tax loss recorded by Investment Holdings and Others division.

Gaming

Despite a lower number of draws in the current quarter when compared to the immediate preceding quarter, the gaming sales is higher by RM18.0 million due mainly to festive sales during Chinese New Year. In line with the higher gaming sales, gaming pre-tax profit increased by RM6.0 million from RM34.7 million recorded in the immediate preceding quarter to RM40.7 million in the current quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded an unfavourable variance of RM2.8 million in the current quarter mainly due to lower interest income in the current quarter, mitigated by lower fair value loss on investments.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B3 Prospects**

As we move towards the endemic phase, the public confidence seems to have recovered as more social and economic activities begin to normalise and these will translate into opportunities for a stronger rebound of the gaming industry from FY 2022 and onwards.

The ongoing investments in the transformation programme that sets the foundations to futureproof the business starts to bear some positive results as we have started the process of digitalising and streamlining our operational processes in stages to improve both the efficiency as well as effectiveness of these processes.

Moving forward, to match the rapid evolution of our customers' behaviour, we have introduced many digital experiences that augment all touchpoints and ultimately defining a lifetime journey that drives satisfaction towards our brand as well as our products. We look forward to the Government's continued efforts in clamping down on illegal betting activities which will ultimately increase the revenue and market share of the legal NFO industry in general and Magnum's in particular.

With the Covid-19 pandemic now moving to an endemic phase, and with the numerous programmes that we have planned and roll out progressively, we are cautiously optimistic that FY 2022 shall be a year for recovery before we propel into growth phase in the future years to come.

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	
	31.03.2022	31.03.2021
	RM'000	RM'000
Current income tax	15,584	5,936
Over provision in prior year	-	(630)
Total income tax expense	15,584	5,306

The effective tax rate of the Group for the current and the previous corresponding quarter was 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 March 2022 are as follows:

	Secured RM'000
Long term	
Medium term notes	649,172
Short term	
Medium term notes	299,966
Total	949,138

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 is pleased to declare a first interim single tier dividend of 1.0 sen per share (2021 : NIL) for the financial year ending 31 December 2022 to be paid on 24 June 2022 to shareholders registered on the Register of Depositors at the close of business on 15 June 2022.

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	
	31.03.2022	31.03.2021
Profit for the financial period attributable to owners of the Company (RM'000)	16,657	7,517
Weighted average number of ordinary shares in issue ('000)	1,437,179	1,437,179
Basic EPS (sen)	1.16	0.52

B12 Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2021 was not qualified.

B13 Profit before tax

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
The profit before taxation for the financial period is arrived at after charging/(crediting):		
Amortisation of intangible assets	4	4
Changes in fair value of investment securities	7,541	342
Depreciation of property, plant and equipment	2,067	2,492
Depreciation of investment properties	2	2
Depreciation of right-of-use assets	556	428
Gain on disposal of property, plant and equipment	(37)	(22)
Interest expense	11,543	10,784
Interest income	(1,094)	(938)
Property, plant and equipment written off	2	2
Rental rebates	-	(8)

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 May 2022