



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

INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	482,144	326,487	983,186	710,368
Cost of sales	(400,023)	(278,129)	(820,927)	(614,710)
Gross profit	82,121	48,358	162,259	95,658
Other income	1,154	1,288	2,388	2,571
Administrative expenses	(12,127)	(9,977)	(23,819)	(20,012)
Other expenses	(21,450)	(14,383)	(47,138)	(29,502)
Operating profit	49,698	25,286	93,690	48,715
Finance costs	(11,560)	(10,818)	(23,103)	(21,602)
Profit before tax	38,138	14,468	70,587	27,113
Income tax expense	(11,539)	(12,521)	(27,123)	(17,827)
Profit for the financial period	26,599	1,947	43,464	9,286
Other comprehensive income				
Foreign currency translation	(15)	(1)	(16)	(8)
Change in fair value of financial assets at fair-value-through-other comprehensive income	(92)	(16)	(161)	(151)
	(107)	(17)	(177)	(159)
Total comprehensive income for the financial period	26,492	1,930	43,287	9,127
Profit for the financial period attributable to:				
Owners of the Company	26,402	2,051	43,059	9,568
Non-controlling interests	197	(104)	405	(282)
	26,599	1,947	43,464	9,286
Total comprehensive income for the financial period attributable to:				
Owners of the Company	26,295	2,034	42,882	9,409
Non-controlling interests	197	(104)	405	(282)
	26,492	1,930	43,287	9,127
Earnings per share attributable to owners of the Company (sen per share) :				
Basic	1.84	0.14	3.00	0.66

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 30 JUNE 2022

	(UNAUDITED) AS AT 30.6.2022 RM'000	(AUDITED) AS AT 31.12.2021 RM'000
Assets		
Non-current assets		
Property, plant and equipment	58,415	60,341
Right-of-use assets	15,491	16,501
Investment properties	523	526
Investment securities	388,475	388,523
Intangible assets	2,738,292	2,738,302
Deferred tax assets	5,336	5,337
	<u>3,206,532</u>	<u>3,209,530</u>
Current assets		
Inventories	963	1,292
Investment securities	26,612	35,245
Receivables	43,698	47,117
Tax recoverable	5,195	24,463
Deposits, cash and bank balances	263,701	192,676
	<u>340,169</u>	<u>300,793</u>
Total Assets	<u>3,546,701</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	216,623	209,670
Shareholders' equity	<u>2,369,817</u>	<u>2,362,864</u>
Non-controlling interests	21,732	21,329
Total equity	<u>2,391,549</u>	<u>2,384,193</u>
Non-current liabilities		
Borrowings	649,197	774,006
Lease liabilities	4,602	5,150
Deferred tax liabilities	804	805
	<u>654,603</u>	<u>779,961</u>
Current liabilities		
Borrowings	299,993	174,982
Lease liabilities	1,332	1,329
Payables	196,023	168,538
Tax payable	3,201	1,320
	<u>500,549</u>	<u>346,169</u>
Total liabilities	<u>1,155,152</u>	<u>1,126,130</u>
Total equity and liabilities	<u>3,546,701</u>	<u>3,510,323</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.65</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 30 JUNE 2022**

	----- Attributable to Owners of the Company -----					
	-----Non-distributable -----					
	SHARE CAPITAL RM'000	OTHER RESERVES RM'000	TREASURY SHARES RM'000	RETAINED PROFITS RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY 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	-	(159)	-	9,568	(282)	9,127
Dividends paid	-	-	-	(28,743)	-	(28,743)
At 30 June 2021	2,154,357	(567,020)	(1,163)	786,235	22,580	2,394,989
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	-	(177)	-	43,059	405	43,287
Dividends paid	-	-	-	(35,929)	-	(35,929)
Acquisition of additional investment in a subsidiary company from non-controlling interests	-	-	-	-	(2)	(2)
At 30 June 2022	2,154,357	(567,358)	(1,163)	783,981	21,732	2,391,549

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 30 JUNE 2022

	6 months ended	
	30.6.2022 RM'000	30.6.2021 RM'000
OPERATING ACTIVITIES		
Profit before tax	70,587	27,113
Adjustments for:		
Non-cash items	13,757	5,996
Non-operating items	20,758	20,784
Operating cash flows before working capital changes	<u>105,102</u>	<u>53,893</u>
Changes in working capital:		
Inventories	329	345
Receivables	3,411	11,348
Payables	27,556	(17,244)
Cash flows generated from operations	<u>136,398</u>	<u>48,342</u>
Finance cost paid	(130)	(127)
Income tax refund	31	4,499
Income tax paid	(6,005)	(38,430)
Net cash flows generated from operating activities	<u>130,294</u>	<u>14,284</u>
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	129	86
Purchase of :		
- property, plant and equipment	(2,223)	(2,361)
- additional shares in a subsidiary from non-controlling interests	(2)	-
- investment securities	-	(15,000)
Movement in cash deposits pledged	(14)	(20)
Dividend income	142	-
Interest paid	(22,702)	(22,674)
Interest received	2,094	2,036
Net cash flows used in investing activities	<u>(22,576)</u>	<u>(37,933)</u>
FINANCING ACTIVITIES		
Dividends paid to shareholders	(35,929)	(28,743)
Prepayment of lease liabilities	(778)	(838)
Net cash flows used in financing activities	<u>(36,707)</u>	<u>(29,581)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	71,011	(53,230)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	176,270	244,745
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>247,281</u>	<u>191,515</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	263,701	219,307
Cash deposits pledged	(16,420)	(27,792)
	<u>247,281</u>	<u>191,515</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 30 June 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.

A6 Changes in Debt and Equity Securities

There were no changes in debt and equity securities in the current financial period.

A EXPLANATORY NOTES PURSUANT TO MFRS 134**A7 Dividends Paid**

During the financial period ended 30 June 2022, the Company has paid the following dividends:

- (i) 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; and
- (ii) a first interim single tier dividend of 1.0 sen per share in respect of financial year ending 31 December 2022, amounting to RM14.372 million on 24 June 2022.

A8 Segmental Information

	6 months ended	
	30.6.2022 RM'000	30.6.2021 RM'000
Segmental Revenue		
Gaming	983,001	710,325
Investment holdings & others	37,094	43
	1,020,095	710,368
Eliminations	(36,909)	-
Total	983,186	710,368
Segmental Results		
Gaming	80,441	30,688
Investment holdings & others	27,055	(3,575)
	107,496	27,113
Eliminations	(36,909)	-
Profit Before Tax	70,587	27,113

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 June 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
30 June 2022				
Non-current				
FVOCI	3,046	-	385,429	388,475
Current				
FVOCI	10,037	-	-	10,037
Current	16,575	-	-	16,575
	29,658	-	385,429	415,087
31 December 2021				
Non-current				
FVOCI	3,094	-	385,429	388,523
Current				
FVOCI	10,151	-	-	10,151
Current	25,094	-	-	25,094
	38,339	-	385,429	423,768

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 30 June 2022 versus the same quarter in 2021**

	3 months ended		Changes	
	30.06.2022 RM'000	30.06.2021 RM'000	RM'000	%
Revenue				
- Gaming	481,981	326,467	155,514	47.6%
- Investment holdings and others	163	20	143	715.0%
	482,144	326,487	155,657	47.7%
Profit/(Loss) before tax				
- Gaming	39,758	16,972	22,786	134.3%
- Investment holdings and others	(1,620)	(2,504)	884	-35.3%
	38,138	14,468	23,670	163.6%

Overview

The Group registered a total revenue of RM482.1 million for the current quarter, which is RM155.7 million higher than the previous year's corresponding quarter of RM326.5 million. In line with higher revenue, the Group has registered a profit before tax of RM38.1 million which is RM23.7 million higher as compared to RM14.5 million recorded in previous year. The higher Group revenue and pre-tax profit are contributed mainly by the Gaming division.

Gaming

Gaming sales for the current quarter at RM482.0 million is higher than the previous year's corresponding quarter by RM155.5 million or 47.6%. The lower sales recorded last year was due to the nationwide total lockdown (FMCO) with effect from 1 June 2021 announced by the Government of Malaysia which resulted in the cancellation of 15 draws in the month of June 2021.

In tandem with the higher gaming sales and lower payout ratio in the current quarter, a higher pre-tax profit of RM39.8 million was recorded as compared to RM17.0 million for previous year's corresponding quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a lower pre-tax loss of RM1.6 million due mainly to non-recurring professional fees in relation to tax dispute in 2020 incurred in last year's corresponding quarter.

6 months ended 30 June 2022 versus the same period in 2021

	6 months ended		Changes	
	30.06.2022 RM'000	30.06.2021 RM'000	RM'000	%
Revenue				
- Gaming	983,001	710,325	272,676	38.4%
- Investment holdings and others	185	43	142	330.2%
	983,186	710,368	272,818	38.4%
Profit/(Loss) before tax				
- Gaming	80,441	30,688	49,753	162.1%
- Investment holdings and others	(9,854)	(3,575)	(6,279)	-175.6%
	70,587	27,113	43,474	160.3%

Overview

The Group registered a total revenue of RM983.2 million for the current 6 months period, which is RM272.8 million higher than the previous year's corresponding period of RM710.4 million. In line with the higher revenue, the profit before tax has increased by RM43.5 million to RM70.6 million when compared to RM27.1 million achieved in the previous year.

Gaming

Gaming sales of RM983.0 million recorded for first half of 2022 is higher than that made in last year corresponding period by RM272.7 million or an increase of 38.4%. This increase was achieved as the number of draws conducted in the current 6 months period are higher (2022 : 85 draws; 2021 : 73 draws) mainly due to draw cancellation in 2021.

In line with higher gaming sales and coupled with lower prizes payout, gaming pre-tax profit increased by RM49.8 million from RM30.7 million recorded in the previous year's corresponding period to RM80.4 million.

Investment Holdings and Others

Investment Holdings and Others division recorded a higher pre-tax loss of RM9.9 million in the current 6 months period mainly due to higher fair value loss on investments recorded in the current 6 months under review.

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 June 2022 versus 31 March 2022**

	3 months ended		Changes	
	30.06.2022 RM'000	31.03.2022 RM'000	RM'000	%
Revenue				
- Gaming	481,981	501,020	(19,039)	-3.8%
- Investment holdings and others	163	22	141	640.9%
	482,144	501,042	(18,898)	-3.8%
Profit/(Loss) before tax				
- Gaming	39,758	40,683	(925)	-2.3%
- Investment holdings and others	(1,620)	(8,234)	6,614	80.3%
	38,138	32,449	5,689	17.5%

Overview

The Group reported a lower revenue of RM482.1 million when compared to RM501.4 million recorded in the immediate preceding quarter. Despite the lower group revenue, the current quarter group pre-tax profit of RM38.1 million is higher by RM5.7 million when compared to preceding quarter.

Gaming

When compared to RM501.0 million in preceding quarter, lower gaming sales of RM482 million registered in current quarter was due to lower number of draws conducted in the current quarter (Q2 : 42 draws; Q1: 43 draws) and the seasonal Chinese New Year festive gaming sales in the immediate preceding quarter. The Group's lower gaming pre-tax profit of RM39.8 million, which is marginally lower by RM0.93 million, was due to lower sales by RM19.0 million but mitigated by lower prize payout in the current quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a significant lower pre-tax loss of RM1.6 million in the current quarter compared to RM8.2 million in preceding quarter mainly due to lower fair value loss on investments in the current quarter.

B3 Prospects

The ongoing conflict in Ukraine has slowed down the global economy, while supply chain disruptions have led to inflation worldwide. In Malaysia, food prices increased by 6.1% in June and consumers have turned cautious with their spending. The Government of Malaysia has taken steps to mitigate the impact of inflationary pressures, including increasing the OPR, with a predicted knock-on impact on mortgage repayments and borrowing costs, potentially further dampening the rate of economic recovery.

With various efforts by the Malaysian Government to counter the inflationary pressures and steps taken by the Company to boost sales with various sales campaigns, we believe our gaming sales will continue to recover gradually in the coming months.

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		6 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Current income tax	11,539	12,521	27,123	18,457
Over provision in prior year	-	-	-	(630)
Total income tax expense	11,539	12,521	27,123	17,827

The effective tax rate of the Group for the current 6 months period and the previous corresponding period 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**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 June 2022 are as follows:

	Secured RM'000
Long term	
Medium term notes	649,197
Short term	
Medium term notes	299,993
Total	949,190

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 second interim single tier dividend of 1.5 sen per share (2021 : NIL) for the current financial period, bringing the total dividend declared to date for the financial year ending 31 December 2022 to 2.5 sen per share (2021 : NIL).

The second interim dividend to be paid on 30 September 2022 to shareholders registered on the Register of Depositors at the close of business on 15 September 2022.

B11 Basic Earnings Per Share

Basic earnings per share 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		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
Profit for the financial period attributable to owners of the Company (RM'000)	26,402	2,051	43,059	9,568
Weighted average number of ordinary shares in issue ('000)	1,437,179	1,437,179	1,437,179	1,437,179
Basic earnings per share (sen)	1.84	0.14	3.00	0.66

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	6 months ended
	30.6.2022	30.6.2022
	RM'000	RM'000
The profit before taxation for the financial period is arrived at after charging/(crediting):		
Amortisation of intangible assets	3	7
Changes in fair value of investment securities	977	8,518
Depreciation of property, plant and equipment	2,070	4,137
Depreciation of investment properties	1	3
Depreciation of right-of-use assets	540	1,096
Gain on disposal of property, plant and equipment	(83)	(120)
Interest expense	11,560	23,103
Interest income	(992)	(2,086)
Property, plant and equipment written off	1	3

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

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
18 August 2022