



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

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		9 months ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	509,020	66,178	1,492,206	776,546
Cost of sales	(432,305)	(65,864)	(1,253,232)	(680,574)
Gross profit	76,715	314	238,974	95,972
Other income	1,570	1,284	3,958	3,855
Administrative expenses	(7,550)	(7,586)	(31,369)	(27,598)
Other expenses	(24,875)	(11,447)	(72,013)	(40,949)
Operating profit/(loss)	45,860	(17,435)	139,550	31,280
Finance costs	(12,996)	(13,668)	(36,099)	(35,270)
Profit/(loss) before tax	32,864	(31,103)	103,451	(3,990)
Income tax expense	(12,437)	659	(39,560)	(17,168)
Profit/(loss) for the financial period	20,427	(30,444)	63,891	(21,158)
Other comprehensive income				
Foreign currency translation	(18)	(1)	(34)	(9)
Change in fair value of financial assets at fair-value-through-other comprehensive income	(136)	(84)	(297)	(235)
	(154)	(85)	(331)	(244)
Total comprehensive income/(loss) for the financial period	20,273	(30,529)	63,560	(21,402)
Profit/(loss) for the financial period attributable to:				
Owners of the Company	20,068	(29,907)	63,127	(20,339)
Non-controlling interests	359	(537)	764	(819)
	20,427	(30,444)	63,891	(21,158)
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company	19,914	(29,992)	62,796	(20,583)
Non-controlling interests	359	(537)	764	(819)
	20,273	(30,529)	63,560	(21,402)
Earnings/(loss) per share attributable to owners of the Company (sen per share) :				
Basic	1.39	(2.08)	4.39	(1.42)

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 SEPTEMBER 2022

	(UNAUDITED) AS AT 30.9.2022 RM'000	(AUDITED) AS AT 31.12.2021 RM'000
Assets		
Non-current assets		
Property, plant and equipment	58,370	60,341
Right-of-use assets	15,116	16,501
Investment properties	521	526
Investment securities	398,476	388,523
Intangible assets	2,738,290	2,738,302
Deferred tax assets	5,337	5,337
	<u>3,216,110</u>	<u>3,209,530</u>
Current assets		
Inventories	1,060	1,292
Investment securities	15,886	35,245
Receivables	66,553	47,117
Tax recoverable	6,834	24,463
Deposits, cash and bank balances	187,564	192,676
	<u>277,897</u>	<u>300,793</u>
Total Assets	<u>3,494,007</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	214,979	209,670
Shareholders' equity	<u>2,368,173</u>	<u>2,362,864</u>
Non-controlling interests	<u>20,559</u>	<u>21,329</u>
Total equity	<u>2,388,732</u>	<u>2,384,193</u>
Non-current liabilities		
Borrowings	718,996	774,006
Lease liabilities	4,440	5,150
Deferred tax liabilities	805	805
	<u>724,241</u>	<u>779,961</u>
Current liabilities		
Borrowings	174,925	174,982
Lease liabilities	1,306	1,329
Payables	198,304	168,538
Tax payable	6,499	1,320
	<u>381,034</u>	<u>346,169</u>
Total liabilities	<u>1,105,275</u>	<u>1,126,130</u>
Total equity and liabilities	<u>3,494,007</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 SEPTEMBER 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 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
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	-	(331)	-	63,127	764	63,560
Dividends paid	-	-	-	(57,487)	(1,532)	(59,019)
Acquisition of additional investment in a subsidiary company from non-controlling interests	-	-	-	-	(2)	(2)
At 30 September 2022	2,154,357	(567,512)	(1,163)	782,491	20,559	2,388,732

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 SEPTEMBER 2022

	9 months ended	
	30.9.2022 RM'000	30.9.2021 RM'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	103,451	(3,990)
Adjustments for:		
Non-cash items	7,809	9,119
Non-operating items	41,675	34,458
Operating cash flows before working capital changes	<u>152,935</u>	<u>39,587</u>
Changes in working capital:		
Inventories	232	624
Receivables	(19,436)	7,963
Payables	37,854	(32,627)
Cash flows generated from operations	<u>171,585</u>	<u>15,547</u>
Finance cost paid	(323)	-
Income tax refund	31	4,499
Income tax paid	(16,783)	(52,796)
Net cash flows generated from/(used in) operating activities	<u>154,510</u>	<u>(32,750)</u>
INVESTING ACTIVITIES		
Proceeds from :		
- disposal of property, plant and equipment	169	86
- redemption of other investments	10,000	-
Purchase of :		
- property, plant and equipment	(4,145)	(3,208)
- other investments	(10,145)	(15,000)
- additional shares in a subsidiary from non-controlling interests	(2)	-
Movement in cash deposits pledged	(66)	6,637
Interest paid	(43,415)	(44,264)
Interest received	3,472	3,021
Net cash flows used in investing activities	<u>(44,132)</u>	<u>(52,728)</u>
FINANCING ACTIVITIES		
Dividends paid to shareholders	(57,487)	(28,743)
Dividends paid to the non-controlling interests of subsidiaries	(1,532)	-
Prepayment of lease liabilities	(1,219)	(1,120)
(Repayment)/Issuance of medium term notes	(55,000)	10,000
Transaction cost paid	(318)	(100)
Net cash flows used in financing activities	<u>(115,556)</u>	<u>(19,963)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,178)	(105,441)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>176,270</u>	<u>244,745</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>171,092</u>	<u>139,304</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	187,564	184,492
Bank overdrafts	-	(24,053)
Cash deposits pledged	(16,472)	(21,135)
	<u>171,092</u>	<u>139,304</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 September 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 September 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;
- (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; and
- (iii) a second interim single tier dividend of 1.5 sen per share in respect of financial year ending 31 December 2022, amounting to RM21.557 million on 30 September 2022.

A8 Segmental Information

	9 months ended	
	30.9.2022 RM'000	30.9.2021 RM'000
Segmental Revenue		
Gaming	1,492,000	776,339
Investment holdings & others	127,281	207
	1,619,281	776,546
Eliminations	(127,075)	-
Total	1,492,206	776,546
Segmental Results		
Gaming	114,721	1,033
Investment holdings & others	115,805	(5,023)
	230,526	(3,990)
Eliminations	(127,075)	-
Profit/(Loss) Before Tax	103,451	(3,990)

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 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 September 2022					
Non-current	FVOCI	13,047	-	385,429	398,476
Current	FVTPL	15,886	-	-	15,886
		28,933	-	385,429	414,362
31 December 2021					
Non-current	FVOCI	3,094	-	385,429	388,523
Current	FVOCI	10,151	-	-	10,151
Current	FVTPL	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 September 2022 versus the same quarter in 2021**

	3 months ended		Changes	
	30.09.2022 RM'000	30.09.2021 RM'000	RM'000	%
Revenue				
- Gaming	508,999	66,014	442,985	671.0%
- Investment holdings and others	21	164	(143)	-87.2%
	509,020	66,178	442,842	669.2%
Profit/(Loss) before tax				
- Gaming	34,280	(29,655)	63,935	215.6%
- Investment holdings and others	(1,416)	(1,448)	32	2.2%
	32,864	(31,103)	63,967	205.7%

Overview

The Group registered a total revenue of RM509.0 million for the current quarter, which is RM442.8 million higher than the previous year's corresponding quarter of RM66.2 million. In line with higher revenue, the Group has registered a profit before tax of RM32.9 million which is RM64.0 million higher as compared to RM31.1 million loss before tax recorded in previous year's corresponding quarter. The higher Group revenue and pre-tax profit are contributed mainly by the Gaming division.

Gaming

Gaming sales for the current quarter at RM509.0 million is higher than the previous year's corresponding quarter by RM443.0 million or 671.0%. The lower sales recorded last year was due to the nationwide total lockdown (FMCO 3.0) with effect from 1 June 2021 announced by the Government of Malaysia which resulted in the cancellation of 37 draws in the previous year's corresponding quarter.

In tandem with the higher gaming sales and lower payout ratio in the current quarter, a higher pre-tax profit of RM34.3 million was recorded as compared to RM29.7 million loss before tax for previous year's corresponding quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a pre-tax loss of RM1.4 million in the current quarter due mainly to fair value loss on investments.

9 months ended 30 September 2022 versus the same period in 2021

	9 months ended		Changes	
	30.09.2022 RM'000	30.09.2021 RM'000	RM'000	%
Revenue				
- Gaming	1,492,000	776,339	715,661	92.2%
- Investment holdings and others	206	207	(1)	-0.5%
	1,492,206	776,546	715,660	92.2%
Profit/(Loss) before tax				
- Gaming	114,721	1,033	113,688	11005.6%
- Investment holdings and others	(11,270)	(5,023)	(6,247)	-124.4%
	103,451	(3,990)	107,441	2693%

Overview

The Group registered a total revenue of RM1,492.2 million for the current 9 months period, which is RM715.7 million higher than the previous year's corresponding period of RM776.5 million. In line with the higher revenue, the profit before tax has increased by RM107.4 million to RM103.4 million when compared to RM4.0 million loss before tax recorded in the previous year's corresponding period.

Gaming

Gaming sales of RM1,492.0 million recorded for the current 9 months period is higher than that made in last year's corresponding period by RM715.7 million or an increase of 92.2%. This increase was achieved as the number of draws conducted in the current 9 months period are higher (2022 : 131 draws; 2021 : 81 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 RM113.7 million from RM1.0 million recorded in the previous year's corresponding period to RM114.7 million.

Investment Holdings and Others

Investment Holdings and Others division recorded a higher pre-tax loss of RM11.3 million in the current 9 months period mainly due to higher fair value loss on investments recorded in the current 9 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 September 2022 versus 30 June 2022**

	3 months ended		Changes	
	30.09.2022 RM'000	30.06.2022 RM'000	RM'000	%
Revenue				
- Gaming	508,999	481,981	27,018	5.6%
- Investment holdings and others	21	163	(142)	-87.1%
	509,020	482,144	26,876	5.6%
Profit/(Loss) before tax				
- Gaming	34,280	39,758	(5,478)	-13.8%
- Investment holdings and others	(1,416)	(1,620)	204	12.6%
	32,864	38,138	(5,274)	-13.8%

Overview

The Group reported a higher revenue of RM509.0 million when compared to RM482.1 million recorded in the immediate preceding quarter. Despite the higher group revenue, the current quarter group pre-tax profit of RM32.9 million is lower by RM5.3 million when compared to preceding quarter.

Gaming

When compared to RM482.0 million in preceding quarter, higher gaming sales of RM509.0 million registered in current quarter was due to higher number of draws conducted in the current quarter (Q3 : 46 draws; Q2 : 42 draws). Despite the higher gaming sales, the Group's lower gaming pre-tax profit of RM34.3 million in current quarter, which is lower by RM5.5 million when compared to preceding quarter, was due to higher prize payout in the current quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded a lower pre-tax loss of RM1.4 million in the current quarter compared to a pre-tax loss of RM1.6 million in preceding quarter mainly due to lower fair value loss on investments in the current quarter.

B3 Prospects

On the back of an economy that was negatively impacted by inflationary pressures and rampant illegal gaming operators, Magnum Group has reported a set of financial results for the 9 months period in FY 2022 that indicates that the business is in the process of recovery from the worst of COVID-19 pandemic.

Going forward, arising from the ongoing digital transformation initiatives that the Group is undertaking into 2023, we are seeing some positive trends emerging that points to a sustainable recovery in our sales in the coming quarters.

Therefore, the Board is cautiously optimistic that the Group is on the right track towards full recovery in FY 2023.

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	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Current income tax	13,195	(657)	40,318	17,800
Over provision in prior year	(758)	(2)	(758)	(632)
Total income tax expense	12,437	(659)	39,560	17,168

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.

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 September 2022 are as follows:

	Secured RM'000
Long term	
Medium term notes	718,996
Short term	
Medium term notes	174,925
Total	893,921

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 third interim single tier dividend of 1.0 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 3.5 sen per share (2021 : NIL).

The third interim dividend to be paid on 30 December 2022 to shareholders registered on the Register of Depositors at the close of business on 16 December 2022.

B11 Basic Earnings/(Loss) Per Share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
Profit/(loss) for the financial period attributable to owners of the Company (RM'000)	20,068	(29,907)	63,127	(20,339)
Weighted average number of ordinary shares in issue ('000)	1,437,179	1,437,179	1,437,179	1,437,179
Basic earnings/(loss) per share (sen)	1.39	(2.08)	4.39	(1.42)

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/(loss) before tax

	3 months ended 9 months ended	
	30.9.2022	30.9.2022
	RM'000	RM'000
The profit/(loss) before taxation for the financial period is arrived at after charging/(crediting):		
Amortisation of intangible assets	5	12
Changes in fair value of investment securities	690	9,208
Depreciation of property, plant and equipment	1,957	6,094
Depreciation of investment properties	2	5
Depreciation of right-of-use assets	555	1,651
Gain on disposal of property, plant and equipment	(31)	(151)
Gain on termination of lease liabilities	(3)	(3)
Interest expense	12,996	36,099
Interest income	(1,395)	(3,481)
Property, plant and equipment written off	1	4
Realised fair value loss on AFS upon maturity	46	46

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
24 November 2022**