



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

INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Revenue	546,001	501,042
Cost of sales	<u>(477,796)</u>	<u>(420,904)</u>
Gross profit	68,205	80,138
Other income	1,642	1,234
Administrative expenses	(11,446)	(11,692)
Other expenses	<u>(20,251)</u>	<u>(25,688)</u>
Operating profit	38,150	43,992
Finance costs	<u>(11,056)</u>	<u>(11,543)</u>
Profit before tax	27,094	32,449
Income tax expense	<u>(10,967)</u>	<u>(15,584)</u>
Profit for the financial period	<u>16,127</u>	<u>16,865</u>
Other comprehensive income		
Foreign currency translation	2	(1)
Change in fair value of financial assets at fair-value-through-other comprehensive income	104	(69)
	106	(70)
Total comprehensive income for the financial period	<u>16,233</u>	<u>16,795</u>
Profit for the financial period attributable to:		
Owners of the Company	15,778	16,657
Non-controlling interests	349	208
	<u>16,127</u>	<u>16,865</u>
Total comprehensive income for the financial period attributable to:		
Owners of the Company	15,884	16,587
Non-controlling interests	349	208
	<u>16,233</u>	<u>16,795</u>
Earnings per share attributable to owners of the Company (sen per share) :		
Basic	<u>1.10</u>	<u>1.16</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 2022 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	(UNAUDITED) AS AT 31.03.2023 RM'000	(AUDITED) AS AT 31.12.2022 RM'000
Assets		
Non-current assets		
Property, plant and equipment	58,207	59,164
Right-of-use assets	14,929	15,061
Investment properties	518	519
Investment securities	398,598	398,494
Intangible assets	2,738,283	2,738,287
Deferred tax assets	5,545	5,545
	<u>3,216,080</u>	<u>3,217,070</u>
Current assets		
Inventories	867	985
Investment securities	17,502	22,565
Receivables	56,437	72,957
Tax recoverable	16,273	9,264
Deposits, cash and bank balances	190,207	191,357
	<u>281,286</u>	<u>297,128</u>
Total Assets	<u>3,497,366</u>	<u>3,514,198</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	232,443	238,117
Shareholders' equity	<u>2,385,637</u>	<u>2,391,311</u>
Non-controlling interests	<u>20,615</u>	<u>20,266</u>
Total equity	<u>2,406,252</u>	<u>2,411,577</u>
Non-current liabilities		
Borrowings	828,607	704,114
Lease liabilities	3,914	4,005
Deferred tax liabilities	1,215	1,215
	<u>833,736</u>	<u>709,334</u>
Current liabilities		
Borrowings	64,929	189,930
Lease liabilities	1,418	1,394
Payables	190,814	200,921
Tax payable	217	1,042
	<u>257,378</u>	<u>393,287</u>
Total liabilities	<u>1,091,114</u>	<u>1,102,621</u>
Total equity and liabilities	<u>3,497,366</u>	<u>3,514,198</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.66</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 2022 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023**

	----- 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 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
At 1 January 2023	2,154,357	(567,479)	(1,163)	805,596		20,266	2,411,577
Total comprehensive income for the financial period	-	106	-	15,778		349	16,233
Dividends paid	-	-	-	(21,558)		-	(21,558)
At 31 March 2023	2,154,357	(567,373)	(1,163)	799,816		20,615	2,406,252

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023

	3 months ended	
	31.03.2023 RM'000	31.03.2022 RM'000
OPERATING ACTIVITIES		
Profit before tax	27,094	32,449
Adjustments for:		
Non-cash items	2,538	2,631
Non-operating items	15,109	17,953
Operating cash flows before working capital changes	<u>44,741</u>	<u>53,033</u>
Changes in working capital:		
Inventories	118	197
Receivables	17,062	(938)
Payables	(1,829)	22,619
Cash flows generated from operations	<u>60,092</u>	<u>74,911</u>
Finance cost paid	(113)	(70)
Income tax refund	-	31
Income tax paid	(18,801)	(3,996)
Net cash flows generated from operating activities	<u>41,178</u>	<u>70,876</u>
INVESTING ACTIVITIES		
Proceeds from disposal of :		
- property, plant and equipment	3	42
- investment securities	1,076	-
Purchase of :		
- property, plant and equipment	(1,139)	(1,409)
- investment securities	(1,995)	-
Movement in cash deposits pledged	(10)	(6)
Interest received	1,397	1,102
Net cash flows used in investing activities	<u>(668)</u>	<u>(271)</u>
FINANCING ACTIVITIES		
Dividends paid to shareholders	(21,558)	(21,558)
Prepayment of lease liabilities	(441)	(434)
Interest paid	(19,009)	(20,539)
Transaction cost paid	(662)	-
Net cash flows used in financing activities	<u>(41,670)</u>	<u>(42,531)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,160)</u>	<u>28,074</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>174,877</u>	<u>176,270</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>173,717</u>	<u>204,344</u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	190,207	220,756
Cash deposits pledged	(16,490)	(16,412)
	<u>173,717</u>	<u>204,344</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 2022 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 2022. 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 2022.

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 2022, 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 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17
Amendments to MFRS 9	Comparative Information
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

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 2024

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback

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 2023.

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 2023, the Company has paid a fourth interim single tier dividend of 1.5 sen per share in respect of financial year ended 31 December 2022, amounting to RM21.558 million on 31 March 2023.

A8 Segmental Information

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Segmental Revenue		
Gaming	545,980	501,020
Investment holdings & others	21	21,593
	<u>546,001</u>	<u>522,613</u>
Eliminations	-	(21,571)
Total	<u>546,001</u>	<u>501,042</u>
Segmental Results		
Gaming	33,431	40,683
Investment holdings & others	(6,337)	13,337
	<u>27,094</u>	<u>54,020</u>
Eliminations	-	(21,571)
Profit Before Tax	<u>27,094</u>	<u>32,449</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 2023.

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	Level 2	Level 3	Total
		RM'000	RM'000	RM'000	RM'000
31 March 2023					
Current	FVTPL	17,502	-	-	17,502
Non-current	FVOCI	13,169	-	-	13,169
Non-current	FVOCI	-	-	385,429	385,429
		<u>30,671</u>	<u>-</u>	<u>385,429</u>	<u>416,100</u>
31 December 2022					
Current	FVTPL	22,565	-	-	22,565
Non-current	FVOCI	13,065	-	-	13,065
Non-current	FVOCI	-	-	385,429	385,429
		<u>35,630</u>	<u>-</u>	<u>385,429</u>	<u>421,059</u>

A12 Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last audited reporting date as at 31 December 2022.

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of Performance of the Group****Quarter ended 31 March 2023 versus the same quarter in 2022**

	3 months ended		Changes	
	31.03.2023 RM'000	31.03.2022 RM'000	RM'000	%
Revenue				
- Gaming	545,980	501,020	44,960	9.0%
- Investment holdings and others	21	22	(1)	(4.5%)
	546,001	501,042	44,959	9.0%
Profit/(Loss) before tax				
- Gaming	33,431	40,683	(7,252)	(17.8%)
- Investment holdings and others	(6,337)	(8,234)	1,897	(23.0%)
	27,094	32,449	(5,355)	(16.5%)

Overview

The Group registered a total revenue of RM546.0 million for the current quarter, which was RM45.0 million higher than the previous year's corresponding quarter of RM501.0 million. Despite the higher revenue, the profit before tax decreased by RM5.3 million to RM27.1 million when compared to RM32.4 million recorded in the previous year's corresponding quarter. The higher Group revenue was mainly attributable to the Gaming division while the lower pre-tax profit was mainly due to lower pre-tax profit recorded by the Gaming division, mitigated by the lower pre-tax loss recorded by the Investment Holdings and Others division.

Gaming

Despite a lower number of draws in the current quarter (2023 : 41 draws; 2022 : 43 draws), Gaming sales for the current quarter at RM546.0 million was higher than the previous year's corresponding quarter by 9.0% or RM45.0 million due to higher sales per draw.

Even with a higher gaming revenue, gaming pre-tax profit decreased by RM7.3 million to RM33.4 million in the current quarter compared to RM40.7 million recorded in the previous year's corresponding quarter. The lower gaming pre-tax profit was mainly due to a higher 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 lower loss of RM6.3 million in the current quarter mainly due to lower 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 2023 versus 31 December 2022**

	3 months ended		Changes	
	31.03.2023 RM'000	31.12.2022 RM'000	RM'000	%
Revenue				
- Gaming	545,980	538,871	7,109	1.3%
- Investment holdings and others	21	23	(2)	(8.7%)
	546,001	538,894	7,107	1.3%
Profit/(Loss) before tax				
- Gaming	33,431	44,968	(11,537)	(25.7%)
- Investment holdings and others	(6,337)	11,439	(17,776)	(155.4%)
	27,094	56,407	(29,313)	(52.0%)

Overview

The Group reported a revenue of RM546.0 million in the current quarter, which was RM7.1 million higher when compared to the immediate preceding quarter of RM538.9 million. Despite the higher revenue, the pre-tax profit for the current quarter at RM27.1 million was lower as compared to RM56.4 million recorded in the immediate preceding quarter. The lower pre-tax profit by RM29.3 million was mainly due to lower pre-tax profit recorded by Gaming division and pre-tax loss recorded by Investment Holdings and Others division in the current quarter as compared to pre-tax profit recorded by both divisions in the immediate preceding quarter.

Gaming

Despite a lower number of draws in the current quarter (Q1 2023 : 41 draws; Q4 2022 : 48 draws) when compared to the immediate preceding quarter, the gaming sales was higher by RM7.1 million due to higher sales recorded during Chinese New Year period. The gaming pre-tax profit, however, decreased by RM11.6 million from RM45.0 million recorded in the immediate preceding quarter to RM33.4 million in the current quarter due mainly to higher prizes payout ratio for the current quarter when compared to immediate preceding quarter.

Investment Holdings and Others

Investment Holdings and Others division recorded an unfavourable variance of RM17.8 million in the current quarter mainly due to lower interest income and higher fair value loss on investments in the current quarter.

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

The first quarter's result was affected by higher payout ratio as compared to its normal theoretical ratio. It is expected that the payout ratio will normalise over the medium term.

On economic front, Bank Negara Malaysia has forecasted that Malaysia's economic growth for 2023 is between 4% to 5%. The improving domestic conditions will likely offset risks stemming from a global slowdown.

Based on the latest quarter's sales per draw growth, the Board is cautiously optimistic that such positive sales growth trend would continue in the coming quarters.

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	
	31.03.2023	31.03.2022
	RM'000	RM'000
Current income tax	10,967	15,584
Total income tax expense	10,967	15,584

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 2023 are as follows:

	Secured RM'000
Long term	
Medium term notes	828,607
Short term	
Medium term notes	64,929
Total	893,536

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 (2022 : 1.0 sen) for the financial year ending 31 December 2023 to be paid on 30 June 2023 to shareholders registered on the Register of Depositors at the close of business on 16 June 2023.

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	
	31.03.2023	31.03.2022
Profit for the financial period attributable to owners of the Company (RM'000)	15,778	16,657
Weighted average number of ordinary shares in issue ('000)	1,437,179	1,437,179
Basic EPS (sen)	1.10	1.16

B12 Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2022 was not qualified.

B13 Profit before tax

	3 months ended	
	31.03.2023	31.03.2022
	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	5,368	7,541
Depreciation of property, plant and equipment	2,094	2,067
Depreciation of investment properties	1	2
Depreciation of right-of-use assets	438	556
Gain on disposal of property, plant and equipment	(2)	(37)
Interest expense	11,056	11,543
Interest income	(1,385)	(1,094)
Loss on disposal of investment securities	72	-
Property, plant and equipment written off	1	2

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 May 2023