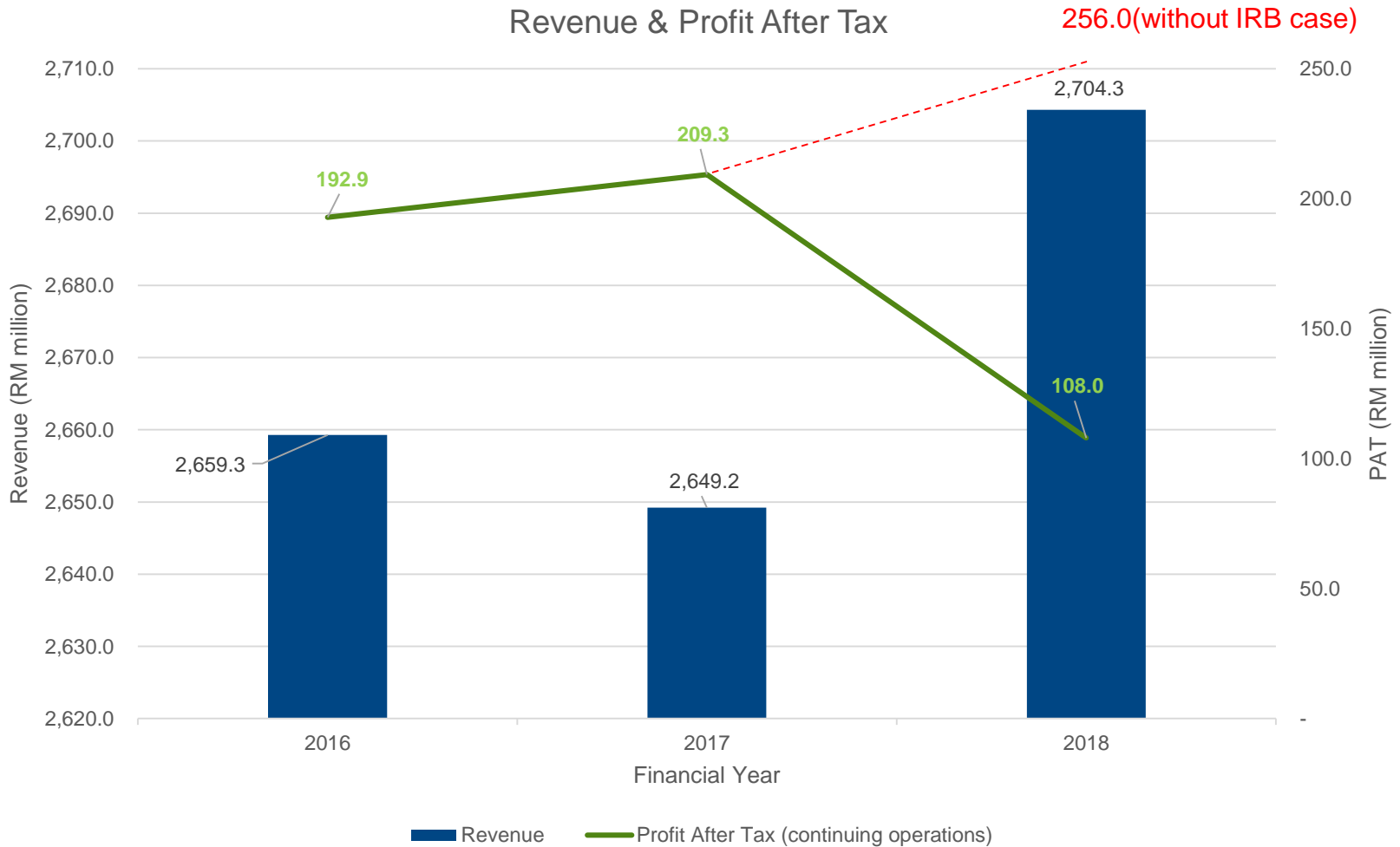




## **43<sup>rd</sup> Annual General Meeting 29 May 2019**



## REVIEW OF OPERATIONS





## ***REVIEW OF OPERATIONS***

Revenue has increased by RM55 mil (2.1%) mainly due to:

1. Malaysian economy continued to grow at 4.7% in 2018
2. Fresh enforcement efforts against illegal operators
3. Long 4D Jackpot run in Q4 increase overall sales
4. 3 months GST Tax holidays (1 June 2018 to 31 August 2018)
5. Introduction Magnum Life game



## ***REVIEW OF OPERATIONS***

**Profit Before Tax has increased by RM6.7 mil to RM313 mil mainly due to:**

- 1. Higher sales**
- 2. Lower prizes payout**
- 3. Long 4D Jackpot run in Q4 increases JP sales**
- 4. 3 months GST Tax holidays 1 June 2018 to 31 August 2018**



## ***REVIEW OF OPERATIONS***

**However, Profit After Tax has decreased by RM101 mil to RM108 mil mainly due to:**

- **Amicable settlement with IRB**
- **One-off and non recurring additional tax and penalty payable amounting to RM148 mil**
- **After deducting tax refund, net amount to settle is RM100 mil**
- **NO impact on future dividend**

# MAGNUM BERHAD – 43<sup>rd</sup> AGM on 29 MAY 2019



QUARTERLY DIVIDEND PAYOUT		Dividends declared in year			
		2018		2017	
		%	RM'000	%	RM'000
Q1 2017	#				
Q2 2017	1 <sup>st</sup> interim for FYE 2017			3.0	42,689
Q3 2017	2 <sup>nd</sup> interim for FYE 2017			4.0	56,918
Q4 2017	3 <sup>rd</sup> interim for FYE 2017			4.0	56,918
Q1 2018	1 <sup>st</sup> interim for FYE 2018	4.0	56,918		
Q2 2018	2 <sup>nd</sup> interim for FYE 2018	3.0	42,689		
Q3 2018	3 <sup>rd</sup> interim for FYE 2018	4.0	56,918		
Q4 2018	4 <sup>th</sup> interim for FYE 2018	4.0	56,918		
		<b>15.0</b>	<b>213,443</b>	<b>11.0</b>	<b>156,525</b>

# No interim dividend declared as the Company were served with notices of additional tax assessment.



## REVIEW OF OPERATIONS (cont'd.)

### Proliferation of illegal operators

# Thriving BU\$INE\$\$

BY CHARLES RAMENDRAN  
newsdesk@thesundaily.com

➤ Illegal 4D betting activities rampant despite police action

**P**ETALING JAYA: Are illegal lottery syndicates really unstoppable? Despite various action and initiatives by the authorities over the last 50 years, it is apparent that the illegal lottery menace is not only here to stay, but also growing.

Time and again, we read news of raids on illegal lottery syndicates by police, but they have clearly been ineffective in stamping out the black market bookmakers, who are somehow resurrected, often at the same location to resume business shortly after.

In an effort to uncover how glaring and daring illegal lottery activities are, *theSun*, with information received from the public, checked out a list of locations said to be operating illegal bookmaking activities.

Our reporters staked out almost 30 venues in the Selangor, Kuala Lumpur, Negri Sembilan and Malacca on "betting days", namely Wednesday, Saturday and Sunday, over the past month.

After clocking over 600km to trace such activities at remote townships in these states, what they discovered were both disturbing and exasperating:



reporters managed to strike up conversations with a few and learnt that it was just about convenience, but the promise of bigger prize pay-outs.

"The black market pays out between 10% and 20% higher in prize money, and that can be quite a large sum," said Vella, a regular 4D player met along a row of shophouses housing a Sports Toto and a Magnum 4D outlet at Taman Senawang Jaya in Senawang, Negri Sembilan.

"Of course everyone is aware it is illegal, and there is a risk, but I have never heard of a punter getting caught and prosecuted," he said.

Asked where the closest DaMaCai outlet was, Vella replied: "Why bother? There are about five black market 4D outlets along here and the opposite row of shophouses.

"Buy your numbers from them. Don't worry, it is safe and they can be trusted. They will pay if you win. I know a friend who won over RM100,000 and received his prize the next day," he said.

One of our reporters approached a bookie seated inside a locked sundry shop next to the Magnum 4D outlet to place a bet but was turned down although another man had just moments earlier handed over to him a chit scribbled with numbers and



## REVIEW OF OPERATIONS (cont'd.)

### Proliferation of illegal operators

# Slightly higher payout, but bigger risks

➤ Punters have no avenue to recover winnings when bookies 'disappear' with prize money

BY CHARLES RAMENDRAN  
newsdesk@thesundaily.com

**PETALING JAYA:** Just like advances in the digital world, illegal lottery syndicates have also expanded their scope from 3D (three-digit) and 4D (four-digit), to accept 5D (five-digit) and even 6D (six-digit) bets.

Along with advancements in 3D, 4D and 5D technology, illegal lottery syndicates are keeping up and only a small fraction of operators stick to the traditional way of issuing slips.

"These days, punters are placing bets via websites, SMS and WhatsApp," a former 4D

bookie told *theSun*, on condition of anonymity.

"Then the wager is paid to the bookies through online banking or transferred via ATMs.

"Prize payouts are also done the same way into the punter's bank account," he said.

There is no longer a need for both parties to meet up. It is a very convenient one-stop channel as punters can bet on all the companies offering 4D games, including those in Sabah, Sarawak, Singapore and now, the latest in Cambodia called Grand Dragon Lotto," he said.

The ex-bookie said prize payouts are

always honoured by the syndicates, which have amassed billions of ringgit from the illegal business over the years.

"I know of a person who won over RM1.5 million and was paid.

"There are cases of those who were not paid but this is not the work of the syndicates but the bookies."

"There are bookies who get greedy on seeing large prizes and abscond, leaving the winning punter at a loss, but this rarely happens.

In such cases, there is nothing the punter can do or take his grievances to the authorities as this is an illegal business."

He also revealed that bookies earn 20% from the wagers placed by punters, earning between RM2,000 and RM15,000 a month depending on the size of their clientele.

There are some enterprising ones who even undercut the syndicates and make

some side money by pocketing smaller bets, he revealed.

"Say if the wager is under RM3, the maximum payout would be under RM10,000, which they figure in the worst case scenario, they would pay out themselves. So they pocket the wager to earn more."

In such cases, the 4D hit they give the punter will usually be handwritten.

Some greedier ones take on bigger bets that they can't afford to pay.

When the punter strikes the number, these crooked bookies flee and go into hiding.

These are the risks punters face when buying from illegal 4D bookies."

He explained that as gambling is prohibited for Muslims, they fear problems with the authorities if they claim prizes with legal 4D companies should they win big.



Syndicates boldly advertise their services.

### Some operate openly, others covertly

placing bets with both legal and illegal operators.

It was easier when our reporter tried to place some bets with another bookie - a woman in her late 30's who ran the illegal business on the sides while running a handphone store at Taman Megaway, Seremban.

Our reporter simply took a piece of paper from a plastic container on the her showcase, wrote down a sets of 4D numbers he wanted

serve the next punter who had walked in and wanted to be served.

At a mini market in Taman Semabok Jaya, Malacca, two youths squatting behind the cashier's counter served punters by printing out 4D tickets, while an elderly man who is believed to be the owner of the place, took betting slips and payments.

At another mini market in Taman Malim Jaya, Malacca, a young woman at the cash

handwritten betting slip and taking payment. (Incidentally, one of the numbers our reporter bet with her, won the consolation prize that day, but we made no attempt to claim the cash prize.)

We also checked out suspected bookies at Kajang Prima and Klang, namely Taman Berkeley, Taman Klang Jaya, Taman Sentosa Jaya and Bandar Puteri, where they operated covertly, with a few denying being involved in the activity when

From front page





## REVIEW OF OPERATIONS (cont'd.)

### Enforcement on illegal operators

# Cops strike big

BY CHARLES RAMENDRAN  
newsdesk@thesundaily.com

**KUALA LUMPUR:** It was as good as a "windfall" for the police. The men in blue raided 103 illegal betting operations nationwide on Wednesday and scored a haul of several thousand ringgit in cash and the arrest of 982 suspects.



Most of the busts were in Selangor, Negri Sembilan, Johor, Penang and Sarawak.

Federal police Anti-Vice, Gaming and Secret Societies division head SAC Datuk Rohaimi Md Isa (*pic*) said apart from the cash, police also seized betting chits, record books, mobile printers and portable computers.

Just a day earlier, *theSun* carried a special report on the extent of the illegal betting menace in Malaysia.

Statistics made available yesterday showed 15 men and a woman were held for suspected involvement in illegal bookmaking during raids at three locations in Nilai, nine in Jempol and two in Kuala Pilah.

Negri Sembilan is among the three states identified as having the highest number of illegal betting operations in the peninsular. The other two states are Johor and Selangor.

Rohaimi said federal police have also intensified

➤ Nationwide blitz on illegal betting rings nets 982 suspects, cash

**Thriving BUSINESS**

**Raking in billions**

Illegal 4D betting

Gains of illegal betting syndicates surpass combined revenue of all licensed gaming firms by over 60%

Mal held smug hum er

SPECIAL REPORT

its operations in Selangor. "The operations by federal police are ongoing, especially on draw days (Wednesdays, Saturdays and Sundays). To completely eradicate the illegal betting menace is an uphill task," he said.

"As soon as we bust one illegal betting operation, the syndicates attempt to set up another elsewhere. In addition, there are online gambling websites that offering similar bets."

Flashback of our front page stories on Tuesday and yesterday.

Rohaimi said police will continue efforts to stamp out such activities nationwide.

"With tip-offs from the public, we are confident that it can be done. Our first step

Turn to page 3



## REVIEW OF OPERATIONS (cont'd.)

### Enforcement on illegal operators

# 1,035 NABBED FOR ILLEGAL GAMBLING

RM650,869 seized from shoplots, restaurants, homes in the two weeks of CNY

TASNIM LOKMAN  
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cnews@nstp.com.my

**A** TOTAL of 1,035 people, including 70 women, were arrested for illegal gambling under Op Limau during the first two weeks of

Chinese New Year.

Police seized RM650,869 in cash during raids on shoplots, restaurants and private homes.

Bukit Aman Anti-Vice, Gambling and Secret Societies (D7) principal assistant director Datuk Rohaimi Md Isa said police raided 176 illegal gambling outlets

within the first 14 days of Op Limau, which started on Feb 1.

This, he said, was an increase compared with 70 cases last year.

He said police increased its success rate this year, thanks to a hotline for the public to report on illegal gambling.

"This shows that the people are with us in eradicating the vice," he said, adding that the hotline would be maintained when Op Limau ends on Feb 24.



Bukit Aman Anti-Vice, Gambling and Secret Societies (D7) principal assistant director Datuk Rohaimi Md Isa (centre) showing images of raids under Op Limau at the Bukit Aman police headquarters in Kuala Lumpur yesterday. PIC BY MUHD ZAABA ZAKERIA

## 'Thousands of premises raided based on tip-offs'

is zeroing in on static premises offering illegal betting.

"As for illegal online betting websites, we are working with the Malaysian Communications and Multimedia Commission to shut down such portals and block their advertisements."

From front page

He added that apart from prosecuting those responsible, police have also used the Prevention of Crime Act (Poca) in cases where a lack of evidence made it difficult to charge them.

"Since we launched Ops Dadu Khas to counter illegal betting activities, we have used Poca on 167 individuals. This year alone, 22 suspects were held for two years under Poca. When we cannot charge them in court due to lack of evidence, we use Poca. We also apply the Anti-Money Laundering Act to seize and freeze the ill-gotten gains of the suspects," he said.

On the police hotline launched last year for the public to channel information on illegal betting activities, Rohaimi said numerous tip-offs were received initially but there were fewer calls now.

"This is a good sign as we had acted on all the tip-offs by raiding thousands of premises nationwide and shutting them down. As such, the numbers are dwindling. We urge the public to



## REVIEW OF OPERATIONS (cont'd.)

### Enforcement on illegal operators



The advertisement features a dark background with a silhouette of a person in a judge's robe holding a gavel. In the top left, there is a red prohibition sign over several 4D tickets. The main text is in large, bold, red and white letters. Below the main text, there is a yellow banner with black text detailing penalties. At the bottom, there is a black banner with white text.

**SAY NO  
TO ILLEGAL 4D**

If you buy illegal 4D ticket from your friends  
or local kopitiam, you are helping crime!  
You could be **JAILED**.

**PENALTY**

**\*SELLER:** fine up to **RM200,000** and imprison up to **5 years**.  
**\*BUYER:** fine up to **RM5,000** or imprison up to **6 months**,  
or both.

\*Under the Common Gaming Houses Act 1953

**Be A Wise Consumer**

## REVIEW OF OPERATIONS (cont'd.)

### Enforcement on illegal operators

# NFO sales rebound

## Maybank IB: Action against illegal gambling boosting sales

**PETALING JAYA:** Industry gross number forecast operator (NFO) sales are on a rebound, following active enforcement by the authorities to stamp out illegal gambling activities.

According to Maybank IB Research, Classic 4D sales across Malaysia have gone up. This is significant as Classic 4D accounts for an estimated 70% of industry gross NFO sales.

The research house raised its 2019 industry gross NFO sales per draw growth forecast to 3%, from 2% previously.

This conservatively implies only one percentage point contribution from more active enforcement.

“With no FIFA World Cup this year, we expect the gross NFO sales per draw of every NFO to recover 4% to 5% year-on-year (y-o-y) in the second quarter of 2019 (1% y-o-y on an annualised basis).

With fewer special draws (held on Tuesdays) in 2019, the firm expects gamblers to bet more on Wednesday draws.

“If 25% of the sales that would have been garnered by special draws that were reduced, were to migrate to Wednesday draws, our calculations indicate that 2019 industry gross

NFO sales per draw could grow by 1% y-o-y,” said Maybank IB Research.

While the net impact of the growth forecast is to raise Berjaya Sports Toto Bhd and Magnum Bhd’s earnings per share estimates by only 1% to 2% and dividend per share estimates by up to a lukewarm 4%, Maybank IB Research is positive nonetheless as it is more confident that earnings for NFOs will recover going forward, after several years of near continuous decline.

A potential re-rating catalyst would be more active enforcement, even against illegal gamblers.

“Classic 4D sales had been easing due to intense competition from illegal NFOs and thus, dragged industry gross NFO sales with it since 2010 and industry gross NFO sales per draw since 2008,” Maybank IB said.

“Thus, this development is a refreshing change for the NFO industry,” it said.

On July 20, 2018, the Royal Malaysian Police set up special operations rooms with hotlines in every state.

Concerned citizens have since been reporting illegal gambling and NFO outlets for the police to investigate and raid.

Google Trends also imply that most illegal gamblers are not migrating their bets online.

The Lotteries Act 1952, Common Gaming Houses Act 1953, Betting Act 1953 and Pool Betting Act 1967, which govern gaming in Malaysia, prescribe fines and jail terms for illegal gambling and NFOs.

However, none of these acts are for illegal gamblers themselves and legal NFOs are lobbying regulators to amend the aforementioned acts to not only prescribe higher fines and jail terms for illegal gambling and NFOs, but also fines and jail terms for illegal gamblers.

Additionally, there could be even more upside with the introduction of online betting.

“We understand that at least three technology companies are presenting their case to legal NFOs and regulators to legalise online betting.

“If legal NFOs were allowed to offer online betting, this would improve their sales reach which has been declining as the number of NFO outlets in Malaysia has been frozen since October 1991,” said Maybank IB Research.



## ***STRATEGIES GOING FORWARD***

- **New mantra - Customer centricity on ALL that we do**
- **Continue to innovate & improve our products**
- **Engage with the Government to create a “win-win” position, especially against the illegal operators**
- **Hardware upgrades & Software enhancement to improve operational efficiencies**
- **Continue with our ongoing CSR activities**



## **STRATEGIES GOING FORWARD**

### Strategies implemented by Magnum

- Introduced new games that illegal CANNOT copy



- Project Rebranding & Reimaging

- Refreshed logo
- Refreshed 4D website and mobile phone apps - appeal younger generation
- Renovate ALL outlets with digital display and ticket checker – 3 year project till 2020.



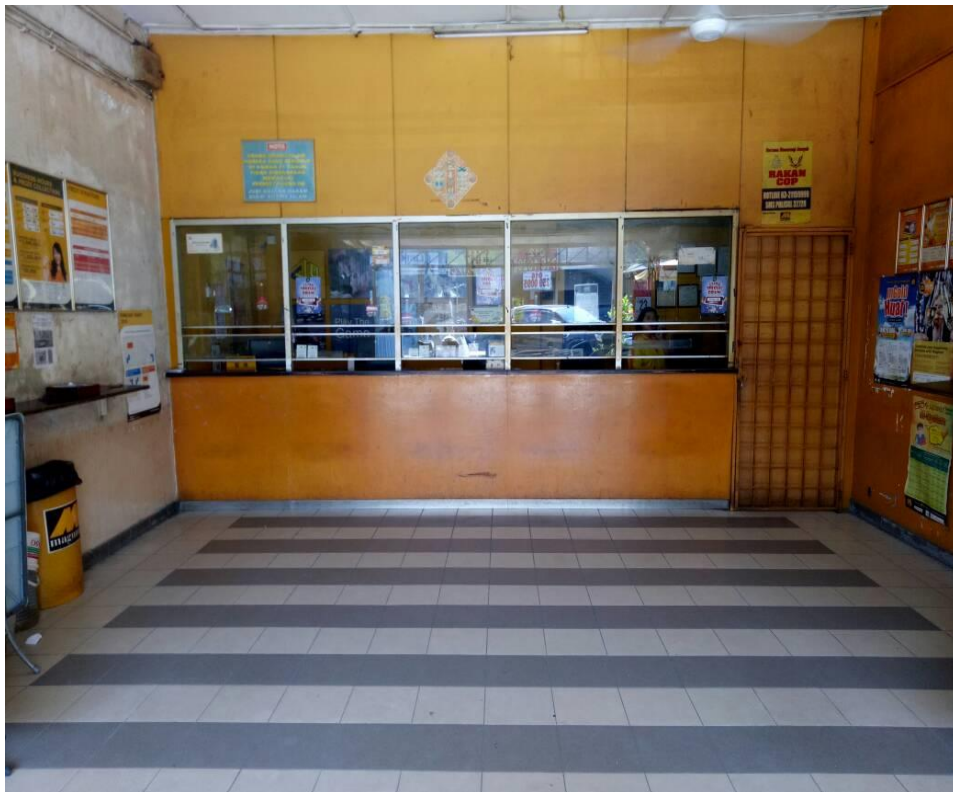
# MAGNUM BERHAD – 43<sup>rd</sup> AGM on 29 MAY 2019



## *REBRANDING AND REIMAGING (cont'd)*

### Jinjang South - Selangor

BEFORE



AFTER



# MAGNUM BERHAD – 43<sup>rd</sup> AGM on 29 MAY 2019



## **REBRANDING AND REIMAGING** - *new refreshed look of the store-front*



Renovated  
60 outlets  
@ 31 Dec  
2018

150 outlets  
@ to-date



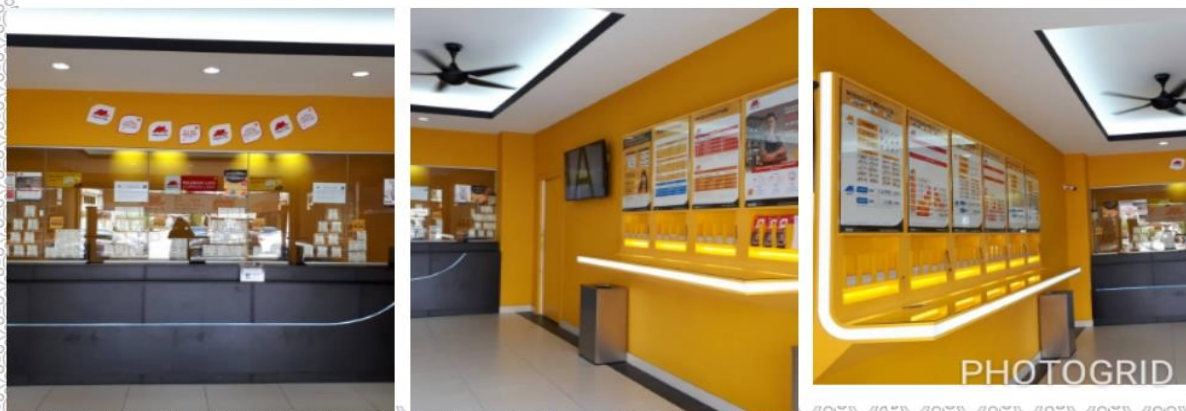
# MAGNUM BERHAD – 43<sup>rd</sup> AGM on 29 MAY 2019



## REBRANDING AND REIMAGING (cont'd)



Jalan Development Kepong Agency



# MAGNUM BERHAD – 43<sup>rd</sup> AGM on 29 MAY 2019



## REBRANDING AND REIMAGING (cont'd)





# MAGNUM BERHAD – 43<sup>rd</sup> AGM on 29 MAY 2019



## REBRANDING AND REIMAGING (cont'd)

BEFORE

AFTER

