



MAGNUM BERHAD (24217-M)

**WINNING RESULTS** DRAW NO: 601/16 21/02/2016 (SUN) Full Payment Guaranteed

Special draw today! Have you bought your numbers?

**4D GAME 万能万字**

1ST PRIZE **0977**

2ND PRIZE **6684**

3RD PRIZE **7357**

SPECIAL		CONSOLATION	
6074	8175	2340	7180
2451	9425	2285	2666
2995	0358	5736	3143
2571	0413	9235	1865
5273	9500	6453	1187

**4D JACKPOT 万字积宝**

4D JACKPOT 1 WINNING NUMBERS

0977 6684	0977 7357	6684 0977
6684 7357	7357 0977	7357 6684

View 4D Jackpot winning numbers here

JACKPOT 1 PRIZE	RM16,358,798.40
JACKPOT 2 PRIZE	RM715,450.34

**ESTIMATED NEXT DRAW 4D JACKPOT**

JACKPOT 1 PRIZE	RM17,054,000.00
JACKPOT 2 PRIZE	RM841,000.00

**4D POWERBALL 万字双宝**

JACKPOT 1 Top Prizes + 2 Powerballs

1<sup>st</sup> PRIZE 100% 0977 18 77 07 77 18

2<sup>nd</sup> PRIZE 50% 6684 18 77 07 77 18

3<sup>rd</sup> PRIZE 20% 7357 18 77 07 77 18

JACKPOT 2

Any Special or Consolation Prize + 18 77 07 77 18

3<sup>rd</sup> PRIZE Any 4D 1st, 2nd or 3rd Prize

4<sup>th</sup> PRIZE Any 4D Special or Consolation Prize

5<sup>th</sup> PRIZE Any ONE Powerball 18 or 77

JACKPOT 1 PRIZE	RM3,524,587.31
JACKPOT 2 PRIZE	RM206,723.72

**ESTIMATED NEXT DRAW 4D POWERBALL**

JACKPOT 1 PRIZE	RM3,589,000.00
JACKPOT 2 PRIZE	RM215,000.00

**4D JACKPOT GOLD 黄金万字积宝**

JP 1 7 7 8 4 5 7 + 0 9

JP 2 7 7 8 4 5 + 0 9

7 8 4 5 7 + 0 9

3<sup>rd</sup> 7 7 8 4 5 7

4<sup>th</sup> 7 7 8 4 5

7 8 4 5 7

5<sup>th</sup> 7 7 8 4

8 4 5 7

6<sup>th</sup> 7 7 8

4 5 7

7<sup>th</sup> 7 7

8 4

5 7

JACKPOT 1 PRIZE RM5,198,946.20

JACKPOT 2 PRIZE RM100,000.00

**ESTIMATED NEXT DRAW 4D JACKPOT GOLD**

JACKPOT 1 PRIZE RM5,198,946.20

JACKPOT 2 PRIZE RM100,000.00



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# CORPORATE PROFILE



Magnum Berhad (24217-M) ("Magnum" or "Company") is the holding company for the Magnum Group of Companies. It was incorporated on 18 August 1975 and has been listed on the Main Market of Bursa Malaysia Securities Berhad (previously known as Main Board of the Kuala Lumpur Stock Exchange) since 11 January 1982.

The Company, through its 100%-owned subsidiary, Magnum Corporation Sdn Bhd (8272-D) ("MCSB"), is focused primarily on the gaming or numbers forecasting lottery business.

MCSB is the first company to be awarded the license by the Malaysian Government to operate the hugely successful 4Digit numbers game. In September 2009, MCSB launched the very popular game called 'Magnum 4D Jackpot' and in November 2014, MCSB introduced another new game called 'Magnum 4D Jackpot Gold'. In January 2016, MCSB launched another brand new game called 'Magnum 4D Powerball'. With these games, Magnum hopes to be able to appeal to different segments of the players in Malaysia and continue to be a market leader in Malaysia.

MCSB is a member of both the World Lottery Association (WLA) and the Asia Pacific Lottery Association (APLA) which are member-based organisations for state-owned and legalized lotteries. WLA and APLA's vision is to be the global voice of the industry and uphold the highest ethical principles to support the members in achieving their vision for their own communities.

MCSB is proud to have attained Level 2 in the Responsible



Gaming Certification by WLA. Complying with these best practices will ensure that the Group maintains a high standard of integrity, responsibility, accountability and professionalism towards its Employees, Customers, Community and Stakeholders.

Since November 2013, MCSB has been awarded with the WLA Security Control Standard Certification. MCSB is the FIRST lottery company in Asia to be awarded with both the WLA Security Control Standard and the ISO/IEC 27001:2005 certifications.

The WLA Security Control Standard, WLA-SCS:2012 is a comprehensive set of controls and standards for lottery operators and vendors worldwide, which also includes compliance with the ISO/IEC 27001 Standard for information security management systems. In 2015, MCSB has also successfully migrated to the new ISO/IEC 27001:2013 standards and was certified accordingly.

Going forward, Magnum will, as Magnum always has, endeavour to enhance market presence and to grow Magnum's revenue through brand loyalty and innovative marketing programmes. To reward Magnum's shareholders, Magnum is committed to pay out as dividend not less than 80% of its gaming profit annually.

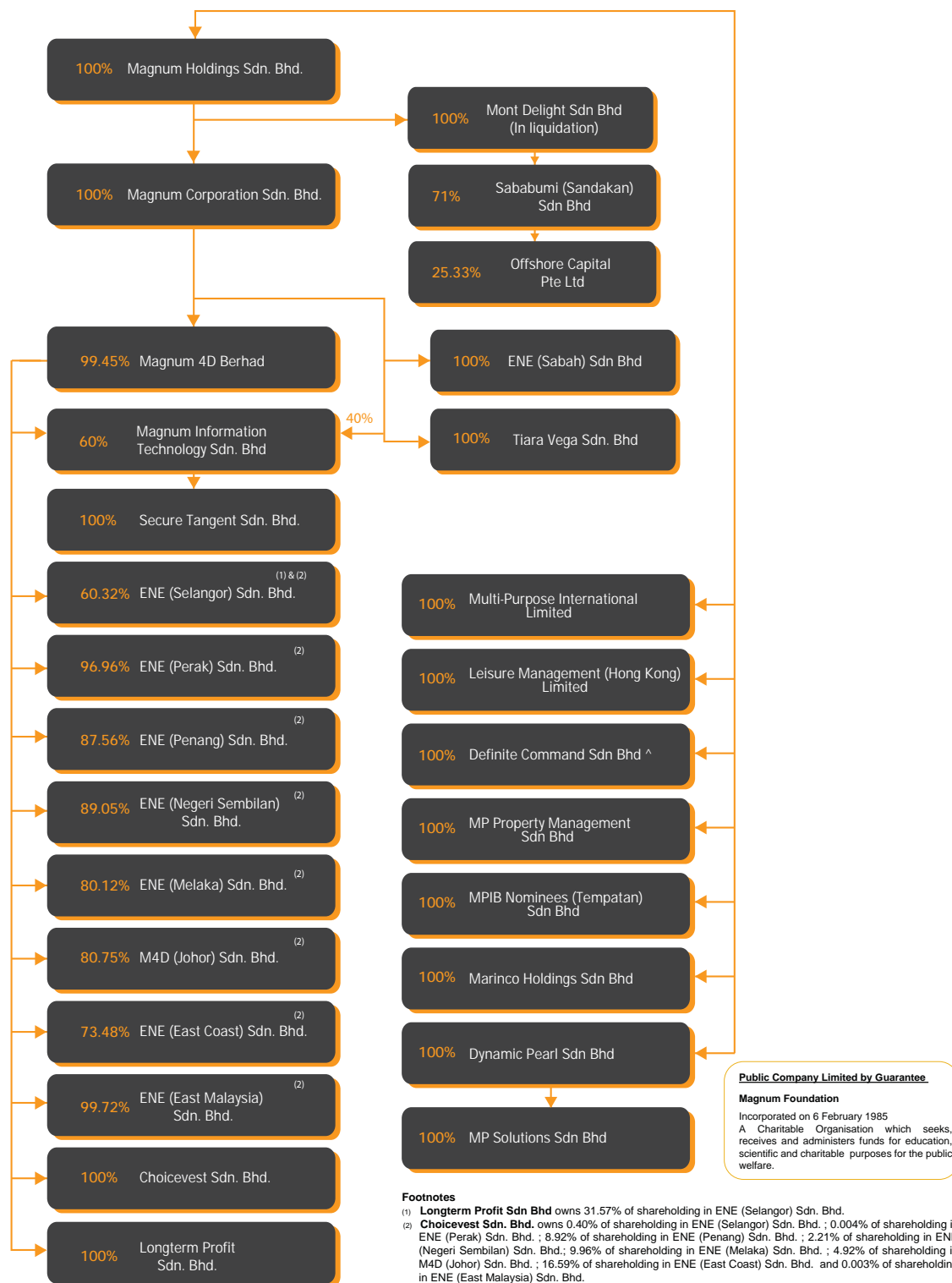
Magnum remains rooted in and guided by the following key corporate values:

- Pursuit of excellence in its core businesses
- Create value for its shareholders
- Market oriented and customer centric
- Caring and fair employer; and
- A socially responsible and accountable corporate citizen

# CORPORATE STRUCTURE AS AT 1 APRIL 2016



Magnum Berhad  
[Listed on Bursa Malaysia Securities Berhad]



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Tan Sri Dato' Surin Upatkoon  
Non-Independent Non-Executive Chairman

Dato' Lawrence Lim Swee Lin  
Executive Director

Datuk Vijeyaratnam a/I V. Thamothearam Pillay  
Non-Independent Non-Executive Director

Dato' Wong Puan Wah  
Independent Non-Executive Director

Sigit Prasetya  
Non-Independent Non-Executive Director

Dr David Charles Ian Harding  
Independent Non-Executive Director

## BOARD COMMITTEES

### GROUP AUDIT COMMITTEE

Chairman  
Dr David Charles Ian Harding  
Members  
Datuk Vijeyaratnam a/I V. Thamothearam Pillay  
Dato' Wong Puan Wah

### NOMINATION COMMITTEE

Chairman  
Datuk Vijeyaratnam a/I V. Thamothearam Pillay  
Members  
Dato' Wong Puan Wah  
Dr David Charles Ian Harding

### REMUNERATION COMMITTEE

Chairman  
Tan Sri Dato' Surin Upatkoon  
Members  
Dato' Lawrence Lim Swee Lin  
Dato' Wong Puan Wah

### GROUP RISK MANAGEMENT COMMITTEE

Chairman  
Dato' Wong Puan Wah  
Members  
Datuk Vijeyaratnam a/I V. Thamothearam Pillay  
Dr David Charles Ian Harding

### SECRETARIES

Leong Kuan Ying MAICSA 7041318  
Ng Sook Yee MAICSA 7020643

### E-MAIL

corporate@magnum.my

## REGISTERED OFFICE

35th Floor, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Telephone No. : 603-2698 8033  
Fax No. : 603-2698 9885

## SHARE REGISTRAR

Metra Management Sdn Bhd  
30.02, 30th Floor, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Telephone No. : 603-2698 3232  
Fax No. : 603-2694 8571

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name : MAGNUM  
Stock Code : 3859  
Sector : Trading/ Services

## INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

MYL385900005

## REUTERS CODE

MAGM.KL

## AUDITORS

Messrs Ernst & Young, Chartered Accountants

## PRINCIPAL BANKER

Alliance Bank Malaysia Berhad

## WEBSITE

www.magnum.com.my

# FINANCIAL HIGHLIGHTS

	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
<b>ASSETS</b>					
Non-current assets					
Property, plant and equipment	55,886	44,091	39,861	138,074	155,010
Investment properties	580	580	580	659,040	696,597
Investments	260,087	246,900	243,806	241,206	338,269
Reinsurance assets	-	-	-	358,727	357,054
Intangible assets	2,738,392	2,738,407	2,738,331	2,879,223	2,860,498
Deferred tax assets	3,894	9,413	1,351	4,502	1,590
	3,058,839	3,039,391	3,023,929	4,280,772	4,409,018
Current assets	563,322	623,752	687,109	1,424,703	2,112,323
Assets held for sale	-	-	8,245	192,940	45,064
<b>TOTAL ASSETS</b>	<b>3,622,161</b>	<b>3,663,143</b>	<b>3,719,283</b>	<b>5,898,415</b>	<b>6,566,405</b>
<b>EQUITY AND LIABILITIES</b>					
Equity attributable to owners of the Company					
Share capital	1,437,749	1,437,749	1,437,749	1,437,749	1,437,749
Reserves	1,009,920	1,031,214	1,059,970	1,985,194	1,807,512
Treasury shares	(29,866)	(25,588)	(17,656)	(17,656)	(17,656)
<b>Shareholders' fund</b>	<b>2,417,803</b>	<b>2,443,375</b>	<b>2,480,063</b>	<b>3,405,287</b>	<b>3,227,605</b>
<b>Non-controlling interests</b>	<b>40,433</b>	<b>37,766</b>	<b>35,882</b>	<b>27,131</b>	<b>37,706</b>
<b>Total equity</b>	<b>2,458,236</b>	<b>2,481,141</b>	<b>2,515,945</b>	<b>3,432,418</b>	<b>3,265,311</b>
Non-current liabilities	947,047	943,520	992,670	1,862,002	2,754,641
Current liabilities	216,878	238,482	210,668	586,707	546,453
Liabilities held for sale	-	-	-	17,288	-
<b>Total liabilities</b>	<b>1,163,925</b>	<b>1,182,002</b>	<b>1,203,338</b>	<b>2,465,997</b>	<b>3,301,094</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,622,161</b>	<b>3,663,143</b>	<b>3,719,283</b>	<b>5,898,415</b>	<b>6,566,405</b>
<b>GROUP RESULTS</b>					
<b>Revenue</b>	<b>2,767,010</b>	<b>2,886,541</b>	<b>2,991,338</b>	<b>3,088,646</b>	<b>3,525,963</b>
Profit before tax	333,655	373,710	405,260	322,062	660,610
Income tax expense	(101,717)	(112,759)	(73,392)	(64,356)	(111,014)
<b>Profit for the year from continuing operations, net of tax</b>	<b>231,938</b>	<b>260,951</b>	<b>331,868</b>	<b>257,706</b>	<b>549,596</b>
<b>(Loss)/Profit for the year from discontinued operations, net of tax</b>	<b>-</b>	<b>-</b>	<b>(58,709)</b>	<b>79,758</b>	<b>11,628</b>
<b>Profit for the year</b>	<b>231,938</b>	<b>260,951</b>	<b>273,159</b>	<b>337,464</b>	<b>561,224</b>
<b>Non-controlling interests</b>	<b>(5,125)</b>	<b>(4,413)</b>	<b>(5,361)</b>	<b>2,202</b>	<b>(81,649)</b>
<b>Profit attributable to owners of the Company</b>	<b>226,813</b>	<b>256,538</b>	<b>267,798</b>	<b>339,666</b>	<b>479,575</b>
<b>SELECTED RATIOS</b>					
Basic earnings per share (sen)	15.9	18.0	18.8	23.8	37.7
Net assets per share (RM)	1.70	1.71	1.74	2.39	2.26
Dividend per share (sen)	16.0	20.0	20.0	16.0	15.0
Return on equity (%)	9.38	10.50	10.80	9.97	14.86

# DIRECTORS' PROFILE

## 4D GAME 万能万字

1ST PRIZE 0896

2ND PRIZE 8723

3RD PRIZE 9403

### SPECIAL

7316	7433
0182	6387
9865	3014
2600	6577
5710	3041

### CONSOLATION

4031	3193
1618	6222
2841	6584
8822	9503
1801	8936

## TAN SRI DATO' SURIN UPATKOON

Non-Independent Non-Executive Chairman

Tan Sri Dato' Surin Upatkoorn, a Thai national, Male, aged 67, was appointed Executive Director of Magnum Berhad ("Magnum") on 4 August 2000 and subsequently, on 28 August 2002, he was appointed Managing Director of Magnum where he played a major role in formulating the business strategies and direction of Magnum Group and was actively involved in the policy making aspects of the operations of Magnum Group. On 26 June 2013, he relinquished his executive position and was re-designated to Non-Executive Chairman of Magnum. He is also Chairman of the Remuneration Committee of Magnum.

Tan Sri Surin completed his secondary education in Han Chiang High School, Penang in 1970. He began his career with MWE Weaving Mills Sdn Bhd in 1971 as a manager and he was appointed as the Managing Director of MWE Spinning Mills Sdn Bhd in 1974 where he was in charge of its daily operations. Subsequently, he was appointed the Managing Director of MWE Weaving Mills Sdn Bhd and a Director of MWE Holdings Berhad. Tan Sri Surin has vast working experience and has played a key role in the expansion and development of the MWE Group of Companies.

Currently, he also sits on the Board of MPH Capital Berhad, Multi-Purpose Capital Holdings Berhad, Mimaland Berhad, Magnum 4D Berhad and several private limited companies in Malaysia. He is also a Trustee of Chang Ming Thien Foundation and Magnum Foundation.

As at 1 April 2016, Tan Sri Surin is deemed to have an indirect interest in 471,803,461 ordinary shares of RM1.00 each in Magnum. By virtue of this deemed interest in the shares of Magnum, Tan Sri Surin is also deemed to have an interest in the shares of all the subsidiaries of Magnum to the extent of Magnum's interest in these subsidiaries. He has no family relationship with any other director and/or major shareholder of Magnum, no conflict of interest with Magnum and has had no conviction for offences within the past ten years.

He attended all five (5) board meetings held during the financial year ended 31 December 2015.



# Directors' Profile

(cont'd)

## **DATO' LAWRENCE LIM SWEE LIN**

Executive Director

Dato' Lawrence Lim Swee Lin, a Malaysian, Male, aged 59, was appointed to the Board of Magnum on 28 June 2013 as a Non-Executive Director and was re-designated to Executive Director on 25 February 2014. He is a member of the Remuneration Committee of Magnum.

Dato' Lim started his career with a leading merchant bank in Malaysia where he was principally involved in syndications, debt securitization and project financing. He was appointed to the Board of MWE Holdings Berhad in August 1989 and was actively involved in the management and operation of MWE Holdings Berhad Group of Companies until he relinquished the executive position in MWE Holdings Berhad in August 2002.

In August 2000 and October 2002, he was appointed to the Boards of Magnum 4D Berhad and Magnum Corporation Sdn Bhd respectively. He is currently the Chief Executive Officer of Magnum Corporation Sdn Bhd and Executive Director of Magnum 4D Berhad. He also holds directorships in various subsidiary companies in the Magnum Group and a number of other private and public limited companies, both in Malaysia and overseas. He is an Executive Committee member and Chairman of Asia Pacific Lottery Association ("APLA"). He also sits in the World Lottery Executive Committee representing APLA and a director of Malaysian South-South Corporation Berhad.

Dato' Lim holds a Bachelor of Arts Degree in Economics (Honours) from the University of Sheffield, United Kingdom and a Master Degree in Business Administration from the University of Manchester, United Kingdom.

As at 1 April 2016, Dato' Lim has a direct shareholding of 8,183,826 ordinary shares of RM1.00 each in Magnum.

Dato' Lim does not hold any shares in the subsidiaries of Magnum, and has no family relationship with any other director and/or major shareholder of Magnum. He has no conflict of interest with Magnum and has had no conviction of offences within the past ten years.

He attended all five (5) board meetings held during the financial year ended 31 December 2015.

## **DATUK VIJAYARATNAM A/L V. THAMOTHARAM PILLAY**

Non-Independent Non-Executive Director

Datuk Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, Male, aged 64, was appointed to the Board of Magnum on 16 November 1999. He is the Chairman of the Nomination Committee. He is also a member of the Group Audit Committee and Group Risk Management Committee of Magnum.

He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. Datuk Vijeyaratnam has considerable experience in the fields of auditing, financial planning, general management and corporate advisory in various business environments. He is currently the Managing Director of his own corporate advisory and consultancy company.

Presently, Datuk Vijeyaratnam also sits on the Board of Eastern & Oriental Berhad and several other private limited companies in Malaysia. He is also a Trustee of Magnum Foundation.

As at 1 April 2016, Datuk Vijeyaratnam has a direct shareholding of 1,406,070 ordinary shares of RM1.00 each in Magnum ("Magnum Shares") and an indirect shareholding of 60,000 Magnum Shares held through his spouse.

Datuk Vijeyaratnam does not hold any shares in the subsidiaries of Magnum, has no family relationship with any other director and/or major shareholder of Magnum. He has no conflict of interest with Magnum and has had no conviction of offences within the past ten years.

He attended all five (5) board meetings held during the financial year ended 31 December 2015.



# Directors' Profile

(cont'd)

## **DATO' WONG PUAN WAH**

Independent Non-Executive Director

Dato' Wong Puan Wah, a Malaysian, Male, aged 68, was appointed to the Board of Magnum on 25 January 2007. He is the Chairman of the Group Risk Management Committee. He is also a member of the Group Audit Committee, Nomination Committee and Remuneration Committee of Magnum.

Dato' Wong has a Bachelor of Science (Honours) in Economics from the University of London. He has over 40 years experience in journalism and had worked with the Straits Times, the Australian Broadcasting Corporation, The Financial Times of London and The Star. Between 1989 and 1996, he was the business correspondent for Radio Australia in Sydney. He was a Business Editor of the Star in 1996 and was The Star's Group Chief Editor from January 2004 to December 2006. He is also author of the best selling book, "Notes to the Prime Minister: The Untold Story of How Malaysia Beat the Currency Speculators" published in 2011.

Dato' Wong was on the Board of Bursa Malaysia Berhad from December 2006 to March 2013. He was also on the Board of Assunta Hospital, a private limited company, for 7 years up to January 2014.

As at 1 April 2016, Dato' Wong has a direct shareholding of 61,000 ordinary shares of RM1.00 each in Magnum. He does not hold any shares in the subsidiaries of Magnum. He has no family relationship with any other director and/or major shareholder of Magnum and has no conflict of interest with Magnum. He has had no conviction for offences within the past ten years.

He attended all five (5) board meetings held during the financial year ended 31 December 2015.

## **SIGIT PRASETYA**

Non-Independent Non-Executive Director

Sigit Prasetya, an Indonesian, Male, aged 47, was appointed to the Board of Magnum on 12 July 2011. Sigit does not sit on any Board Committee of Magnum.

Sigit is a Managing Partner at CVC Asia Pacific and a member of CVC Asia Pacific Investment Committee. Previously, Sigit worked for Henderson Private Capital as head of South East Asia and Morgan Stanley as head of its Indonesian investment banking business. Prior to that, Sigit also worked for Booz Allen Hamilton and Citibank. He holds a MBA (Distinction) from the University of New South Wales, Australia.

Sigit also sits on the Board of Amtek Engineering Ltd, Singapore; PT Matahari Departmental Stores Tbk, Indonesia; Asia 4D Holdings Limited, a substantial shareholder of Magnum; and several private limited companies in overseas.

As at 1 April 2016, Sigit does not hold any shares in Magnum or its subsidiaries. Sigit has no family relationship with any other director and/or major shareholder of Magnum. He has no conflict of interest with Magnum and has had no conviction for offences within the past ten years.

He attended all five (5) board meetings held during the financial year ended 31 December 2015.

# Directors' Profile

(cont'd)

## **DR DAVID CHARLES IAN HARDING**

**Independent Non-Executive Director**

Dr David Charles Ian Harding, a British, Male, aged 60, was appointed to the Board of Magnum on 22 August 2013. He is the Chairman of the Group Audit Committee. He is also a member of the Nomination Committee and Group Risk Management Committee of Magnum.

Dr Harding was the Chief Executive Officer of William Hill Plc, a public company listed in United Kingdom, from year 2000 to 2007. Currently, he is a director and investor in various private companies.

He holds a Bachelor of Arts Degree in Economics from Lanchester Polytechnic (now known as Coventry University), United Kingdom and Master Degree in Business Administration from Warwick University, United Kingdom. He received a doctorate award from his alma mater (Coventry University) in November 2014.

As at 1 April 2016, Dr Harding has a direct shareholding of 2,091,964 ordinary shares of RM1.00 each in Magnum.

Dr Harding does not hold any shares in the subsidiaries of Magnum and has no family relationship with any other director and/or major shareholder of Magnum. He has no conflict of interest with Magnum and has had no conviction of offences within the past ten years.

He attended all five (5) board meetings held during the financial year ended 31 December 2015.



# CHAIRMAN'S STATEMENT

## *Dear Shareholders,*

On behalf of the Board of Directors of Magnum Berhad ("Magnum or Company"), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2015.

2015 has been a very challenging year for the Malaysian economy amidst the decline in crude oil prices, depreciation of the Ringgit, the introduction of Goods and Services Tax ("GST") and the subsidy rationalisation by the Government which collectively had an adverse impact on consumer sentiments and disposable income.



# Chairman's Statement

(cont'd)

## Review of Operations

The rampant proliferation of illegal gaming activities across the nation exacerbated the already difficult gaming landscape and continues to pose serious challenges for your Company to achieve sales growth. In efforts to counteract the strengthening of illegal gaming which offers better prize payouts and credit sales, your Company has launched another jackpot game in January 2016. This new game is called 4D Powerball and offers yet another chance to win a multi million jackpot prize.

Faced with such tough and competitive environment, your Company and the management team had during the year regrouped and re-strategized its focus and priorities to weather all challenges from the various fronts with the aim of strengthening our competitive edge. Firstly, we had embarked on the nationwide campaign of promoting and educating the public on all our games with our product awareness walkabout teams. We had also introduced marketing activities aimed at developing, connecting and reaching out to various market segments so as to create top of mind and brand affinity with the targeted segments.

The enhanced Magnum 4D Mobile App, which provides customers the convenience of scanning the QR code on their ticket to check if they won, has enjoyed a very successful rate of downloads. The user base has tripled from the previous year. Our Mobile App serves as a highly effective targeted communications tool, pushing news notifications of Jackpot sizes and Special Draws directly to customers' phones. As part of the drive to accelerate customer acquisition, the Company launched a pilot deployment of interactive digital panels at strategic outlets. New customers were invited to learn how to play Magnum's games through the panel's interactive tutorials.

As part of our ongoing reviews of branch operations, the State offices in Penang and Ipoh were relocated to more vibrant and strategic locations and renovated to serve our valued customers better.

In anticipating that the year ahead will be a more challenging year and recognizing that the greatest resources that any Company must nurture is its human resource, the Company had embarked on a nationwide training programme whereby 43% of our staff force had undergone various training modules to better equip them to remain steadfast and positive to face the challenges ahead and to be able to better serve the Company.

The Central System Hardware and Software responsible for the entire Gaming System which was procured in 2006 and operating since 2007 were faced with announcement of end-of-life support from the manufacturers. As such, your Company embarked on a Technical Refresh exercise whereby improvements deploying current technologies like virtualization, database replication, backup and recovery enhancements were also introduced. Application Software enhancements that help improve operational efficiency were also included in this Refresh exercise.

As with the Point-of-Sale terminals, we have included the latest model of Point-of-Sale terminals in this Refresh exercise and our plan is to introduce them in phases into our outlets over the next few years. These new terminals will further enhance uptime productivity with lower maintainance cost.

The new Refresh System went Live on 28 May 2015. Barring any unforeseen technological changes or business requirement changes, this system shall have an operational lifespan of at least 7 years.

In line with technology advancement, your Company also embarked on enhancing the entire Selling Agency Telecommunication Network to operate under a more sophisticated re-routing infrastructure and will retire the ISDN lines from Telekom Malaysia.

This is being carried out in stages in order to ensure minimal downtime. The network upgrade will continue and is expected to be completed by December 2016.

## Business Performance

For the financial year under review, the Group recorded a revenue of RM2.767 billion, representing a decline of 4.1% or RM119.5 million from RM2.886 billion registered in the previous financial year. The decline was mainly due to lower gaming sales which has one less draw in the current year and compounded by the generally weak consumer spending environment and intense competition from illegal operators. Correspondingly, the Group reported a lower pre-tax profit of RM333.6 million in the current year compared to RM373.7 million recorded in the previous year.

For the Gaming segment, revenue was lower by RM118.9 million mainly due to reasons stated above. In addition, the effects of GST on gaming supply for the 9 months since the introduction of GST on 1 April 2015 had been set off against the current year revenue. These factors have resulted in a lower pre-tax profit by RM34.9 million when compared to the previous financial year.



# Chairman's Statement

(cont'd)

The Investment Holdings and Others segment recorded a loss of RM1.6 million when compared to a profit of RM3.5 million in the previous financial year mainly due to fair value loss of quoted investments in the current year as against last year's fair value gain of quoted investments and gain from disposal of properties by a subsidiary.

## Awards and Recognition

Having achieved the WLA Security Control Standard ("WLA-SCS") and the ISO 27001:2005 certification in 2013, your Company has successfully migrated to the ISO27001:2013 standard last year and upon the successful audit conducted by an external Auditor, your Company was duly certified.

Your Company has been certified by the World Lottery Association to Level 2, WLA Responsible Gaming Framework since 2012. Your Company will proceed to submit for Level 3 certification.

Your Company is also pleased to inform that since 16 October 2014, your Executive Director is the Chairman of the Asia Pacific Lottery Association and is a representative in the World Lottery Association's Executive Committee representing the Asia Pacific Region.

## Market Outlook and Prospects

The Malaysian economy is expected to grow by 4.0% – 4.5% after the 5.0% expansion recorded in 2015. Domestic consumption remains the key driver of growth for our business. However, the weakness in consumers' disposable income and spending pattern can be seen and felt. This was largely due to the Government's subsidy

rationalization plans and the effects of Goods and Services Tax ("GST"). Sluggish global demand and commodity prices coupled with the weakened Ringgit continue to weigh on the Malaysian economy.

We are mindful of these challenges extending into year 2016 and against this backdrop, gaming sales is likely to moderate, if not stagnant. Notwithstanding this, we will continue to push sales, innovate product and distribution strategies for all our games to effectively combat the illegals in order to maintain our share in the NFO market.

## Dividends

For the year ended 31 December 2015, Magnum had declared and/or paid four interim dividends of an aggregate of 16 sen per share bringing the total payout to 98.2% of profit after taxation. This was in line with the Company's dividend policy to distribute at least 80% of its gaming profits after tax annually subject to amongst others, business prospects, growth or expansion and adequacy of reserves. Your Board is committed to continuing with the Company's stated dividend policy.

## Appreciation and Acknowledgement

On behalf of the Board, I would like to express my deepest appreciation to the dedicated and talented team of managers and employees for their tireless contribution and commitment towards the continued success of the Group. I would also like to convey my gratitude and appreciation to my fellow Directors for their active participation and counsel in steering the Company. Special acknowledgement also goes to all of our valued customers, bankers and business associates for their confidence and steadfast support.

Last but not least, my heartfelt thanks to all shareholders for your trust, unwavering support and strong confidence in the Group. I look forward to meeting you all at the forthcoming Annual General Meeting.

**Tan Sri Dato' Surin Upatkoorn**  
Chairman

# 主席献词

各位股东，

本人谨此代表万能有限公司（“万能”或“本公司”）董事局呈报2015年度万能及其子公司的常年及财务报告。

2015年对于马来西亚的经济而言，是极具挑战性的一年，原油价格下跌、令吉贬值、消费税（GST）的实施、政府补贴合理化计划，这一系列的因素不约而同地对消费者的信心和可支配收入产生极负面的影响。

## 业务回顾

随着非法博彩在全国各地猖獗泛滥，不仅让博彩行业面临更严峻的挑战，也加剧了万能欲实现业务增长的难度。为了打击给予较多奖金和信用销售的非法博彩业，万能在2016年1月推出了另一款百万大奖奖金的博彩游戏，名为“万字双宝”。

在这艰苦和充满竞争的氛围里，万能在过去一年里重组整合，并重新制定策略的优先次序和专注点，以抵御来自各方位的挑战，并借此加强我们的竞争优势。首先，我们的产品宣传组已经着手推动全国性的博彩宣传活动，以让公众对万能博彩有更充分的认识。我们也推出了各类型的市场活动，以开发、连接及深入到每个细分市场，并加强品牌的知名度以及亲和力。

万能推出的附加QR码扫描功能的加强版万能4D手机应用程序，可让用户通过手机扫描票根QR码以确定是否赢奖。此应用程序获得非常高的下载率，自去年起，用户群已增加了三倍之多。作为一项高效率的通信工具，万能4D手机应用程序有效地对用户传达任何有关博彩奖金和特别开彩日期的信息。为了赢取新的客户群，本公司也在战略投注站安置了试点互动数码博彩游戏。新客户可透过此互动数码游戏试玩万能博彩游戏，以对万能博彩有更深入的认识。

作为持续性的分行营运审查，我们已把位于槟城和怡保的办事处迁移到更具战略和更多人潮的地点并加以装修，以便为尊贵的客户们提供更好的服务。

我们预测未来一年的挑战更为激烈，同时，我们也意识到人力资源是每家公司最应被重视的资源，有鉴于此，本公司进行了全国性的培训计划。43%的员工在经历了各项培训课程后，他们将更坚定和积极地面对未来的挑战，并能更好地为公司服务。

于2006年采购，2007年开始营运的博彩电脑中央系统，当被告知不再获得制造商的技术支持后，本公司已开始着手于技术更新运作（Technical Refresh exercise），从而改善现有的技术，例如虚拟化、数据库复制、备份和恢复增强性。技术更新运作也涵盖软件应用的增进版以提升营运效率。

至于销售终端机，我们也把最新款的销售终端机归纳于此技术更新运作计划，我们计划在未来几年里把这批销售终端机分阶段地安置于投注站。新款销售终端机提供更好的运作时段和更高的生产率，而且，其维修成本也较低。

这崭新的技术更新运作系统已在2015年5月28日上线运作。除去不可预知的科技变革或业务需求变化，此系统具有至少七年的操作期限。

为符合更先进的技术，本公司也着手提升整体的销售机构电信网络（Selling Agency Telecommunication Network）以便能在更尖端的重新路由（re-routing）基础设施运作并将从马来西亚电信公司的ISDN线路退出。为了确保停机时间最短，此提升计划将分阶段进行。网络升级计划将持续进行，并预计于2016年12月完成。

## 业绩表现

回顾本财政年度，万能集团取得27亿6千7百万令吉的总营业额，相较于前财政年度的28亿8千6百万令吉，本财政年度的总营业额减少了1亿1千9百50万令吉，相等于4.1巴仙。下降主要原因为开彩次数减少而导致较低的博彩销售，加上普遍疲弱的消费意愿和非法博彩业的激烈竞争。相对地，本集团在本财政年度的税前利润为3亿3千3百60万令吉，低于前财政年度的3亿7千3百70万令吉。

# 主席献词 (延续)

博彩业务的营业额减少了1亿1千8百90万令吉，也都是基于上述原因。此外，于2015年4月1日实施的消费税也抵减了本年度的博彩营业额。以上种种因素导致本财政年度的税前利润比前财政年度的税前利润减少了3千4百90万令吉。

相较于前财政年度3百50万令吉的盈利，投资与其他业务方面出现了1百60万令吉的亏损，主要原因为本年度的投资报价公允价值出现了亏损，而去年的投资报价公允价值则出现盈利和子公司出售物业也取得了盈利。

## 奖项及荣誉

自2013年获得世界彩票协会安全控制标准 (WLA -SCS) 及ISO 27001:2005的认证，本公司在去年经过外部审计师的审核后，正式获得了ISO 27001:2013的认证。

本公司自2012年起已获得世界彩票协会第二级的负责任博彩架构认证，本公司将继续提交第三级认证申请。

本公司也很荣幸地宣布，本公司的执行董事自2014年10月16日起被委任为亚太彩票协会主席，同时也兼任世界彩票协会执行委员会的亚太区代表。

## 市场前景与展望

2015年大马取得了5巴仙的经济增长，今年的经济成长预计为4.0至4.5巴仙。国内消费依然是本公司业务的主要驱动力。然而，消费者的可支配收入偏低和疲弱的消费模式已随处可见，其中大部分的原因出自于政府的补贴合理化计划和消费税 (GST) 所带来的影响。疲软的全球需求、偏低的原产品价格，加上令吉贬值，种种因素将持续加重大马经济负担。

在这样的氛围下，我们相信若以上的挑战延续至2016年，博彩业务销售若不是停滞不前，就是放缓。有鉴于此，我们唯有透过行销、创新博彩游戏和分销策略来抗衡非法博彩业，以保持我们在测字领域的市场份额。

## 股息

截至2015年12月31日财政年度，万能已宣布派发四次中期股息，股息的总额为每股16仙，占税后盈利的98.2巴仙。此派息是根据公司的派息政策，即依据公司未来的增长与扩张计划及储备金的充足量来持续发放不少于博彩年度盈利之80巴仙的股息。董事局将致力延续公司的派息政策。

## 至诚感谢

本人谨代表董事局，感谢各管理层以及全体员工永不言休的付出与贡献，让公司得以持续成长。本人衷心感激各位董事的积极参与和卓越领导。藉此，本人也特别感谢尊贵的客户、银行及商业伙伴们一直以来给予的信任与支持。

最后，本人衷心感谢所有股东对本集团所给予的信任、无限的支持与强烈的信心。期待在来届的会员大会，我们再见！

丹斯里拿督刘锦坤  
主席



# ▼ CORPORATE SOCIAL RESPONSIBILITY STATEMENT

MAGNUM strives to foster a culture of "Caring and Sharing" and a group-wide dedication to community engagement, social responsibility, and a more inclusive society.

Since 1968, Magnum Group of Companies (Magnum) have been actively contributing towards the community creating business sustainability and enhancing value for shareholders and stakeholders.

Magnum adopts a holistic approach to CSR by taking care of the Community, Marketplace, Environment and Workforce. CSR initiatives are organized to address multiple segments of the community's needs in the key areas of education, charity, medical, welfare and cultural. Magnum's CSR Initiatives are implemented under the MagnumCares umbrella to continuously spread a spirit of caring and sharing that aims to be both impactful and sustainable.

Magnum believes that "Nobody can do Everything but Everybody can do Something".

Magnum initiated numerous programs involving Employees, Sales Partners, Sales Staff, Like-minded Partners and Youths in Malaysia; empowering them to take charge and make a difference in their lives by offering voluntary services to help the Community.

Magnum hopes to instil a better sense of Caring and Sharing spirit to all those that we have touched. After all, CSR is not about what we say we do, but what we actually do. More information is available on [www.magnumcares.my](http://www.magnumcares.my)



# Corporate Social Responsibility Statement

(cont'd)

There are four key values formalized in the MagnumCares Charter that guide Magnum in meeting its CSR commitments:

## CARING

We strive to be a Caring Corporate Citizen who is always ready to render assistance to those in need.



## SHARING

We strive to be a Compassionate Corporate Citizen who is always ready to help uplift the well-being of our people.



## SUSTAINABLE

To be a Conscientious Corporate Citizen who is always exploring ways to provide sustainable assistance in order for the vulnerable members of the community to become more independent and self-sufficient.



## IMPACTFUL

We strive to be a Responsive Corporate Citizen who is quick to render assistance where it matters most and when it matters most!



# Corporate Social Responsibility Statement

(cont'd)

## *Caring For The Community*

### 'Cepat-Cepat Tolong' Program

Since 2012, this emergency aid program was designed to help provide assistance to the community in a timely manner; to render help when help is needed most!

The nationwide community service can be as simple as putting up Missing Persons Notices at all our Sales Outlets to providing contributions in cash and in kind to victims of fire, flood or accidents or other emergency needs.



### 'I Can See Clearly Now' Project

This nationwide campaign initiated by Magnum since 2012 is supported by all Magnum's employees to help bring awareness of proper eye care to primary school children. With seed funding from Magnum, our colleagues organize fundraising activities and invite their families, friends and the public to help support the good cause. Together with professional eye care partners, Magnum employees will arrange eye screening sessions at the participating schools.

Following the sessions, students who cannot afford the spectacles will each be prescribed with a free pair of the spectacles. To date, 33,232 children from 113 schools and 9 Welfare Homes throughout Malaysia have been screened by qualified eye care specialists; and 5,791 children ranging from ages 7 to 12 years old have been provided with spectacles by our teams.

We strongly believe that this will make a difference to their lives and their academic studies. This has now become Magnum's signature project for the Community.



### Academic Motivation Awards Campaign

For the last 22 years since 1994, MagnumCares Academic Motivation Awards Campaign is held annually to encourage academic excellence amongst students as well as to motivate students who show improvements.

In addition, a recognition award is also introduced to appreciate school teachers and acknowledge their dedication and efforts in nurturing the school children.

The nationwide campaign provides academic awards to 2,500 students annually.





# Corporate Social Responsibility Statement

(cont'd)

## Community Support Program

Since 2009, the MagnumCares Community Support Program was initiated together with Magnum Sales Partners and Sales Staff to help raise funds for the needy and less fortunate persons in the areas we serve.

This nationwide program which is supported by Magnum help provides financial assistance to more than 200 individuals and families every year.



## Chinese New Year Ang Pow Distribution

Every year since 1989, without fail, the MagnumCares Chinese New Year (CNY) Program is held annually to celebrate the festive cheer with the vulnerable groups during this period.

In 2015, approximately 13,500 inmates from 250 charitable organizations and welfare homes were involved in this nationwide charity program.

Besides cash donations and Ang Pows, contributions in kind such as food supply, healthcare items, personal care items, household items are also included.

## Home Enhancement Program

Another equally important project that MagnumCares embark on during the CNY period is the Home Enhancement Program which was started 3 years ago.

This program helps the identified Welfare Homes in repairs like fixing the drain covers, replacing toilet tiles with non-slip tiles, repainting, replacing of bedding items, installing mosquito nets, etc.

It also helps to replace worn and spoilt electrical appliances, furniture, water heaters, etc.

MagnumCares Team help improve and enhance better living conditions in these Homes.



# Corporate Social Responsibility Statement

(cont'd)



## International Charity Day ('ICD') Carnival

In conjunction with the United Nations International day of Charity on September 5, 2015, which is also the anniversary date of the passing of Mother Teresa, Magnum initiated and organized an International Charity Day (ICD Carnival) to raise funds for 8 welfare homes.

The fun-filled carnival offered varieties of food, handicrafts, fashion accessories, etc. from different races and different nationalities. Professional hair-stylists, Traditional Chinese Medical (TCM) consultants, lion dance troupe, dance performances were also on hand to provide their services and entertain the visitors. Fun activities like face & henna painting, games booths, clown acts, instant photo and karaoke booths were also set up to enhance the festive atmosphere. The participating Charity Homes also got involved by creating awareness of their good cause and some also offer sales of food, handicrafts, products or services from their Homes or friends of the Homes.



ICD Carnival is a community engagement project to allow all involved to contribute and help fulfil the needs of the charity organizations. Apart from fundraising effort, it also aimed to help create awareness and garner public support towards the needy and less fortunate and help instil a more caring society amongst Malaysians.

ICD Carnival was a resounding success with more than 3,000 people involved in various ways and we managed to raise RM108,838 which were equally shared by the 8 Charity Organizations.

## *Caring For The Marketplace*

### Financial Aid Scheme for Sales Staff

Since 2010, Magnum initiated a safety net program in the form of financial aid to assist more than 2,600 Magnum Sales Staff nationwide. Assistance in areas such as education, medical, welfare and emergency needs are covered in this program for them and their immediate family members.





# Corporate Social Responsibility Statement

(cont'd)

## *Caring For The Environment*

### GREEN Revival Project

We live in this world that we must now know how to take care and restore it back in order to encourage a healthy ecosystem for all living beings.

We practice Reduce, Reuse and Recycle in our Office environments to help reduce our carbon footprint.

We support awareness programs to educate the general public to protect our Earth by replanting trees and cleaning rivers.



## *Caring For The Workplace*

### Sports, Welfare & Training Programs

Magnum believes in creating a conducive work environment that will bring out the best from the staff.

Magnum engage professional trainers to develop the staff on various topics that will help develop them both as an individual as well as for their professional advancement.

Magnum encourages participation from all levels of staff in various projects to accept different challenges and gain valuable experiences.

Magnum has a very active Sports and Welfare Club which organizes numerous social and sports activities to enhance the working camaraderie amongst the staff.



# Corporate Social Responsibility Statement

(cont'd)

## *Diversity, Inclusive & Gender Policy*



Magnum respects, values and acknowledges the unique attributes, characteristics and perspectives that make each person who they are.

Magnum believes that our strength lies in our diversity among the broad range of people we represent.

In order to leverage on diversity, we consciously create an environment where people feel supported, listened to and able to do their personal best.

We pride ourselves in that we innovate by drawing on the diverse perspectives, skills and experience of our employees and other stakeholders.

We have a healthy Group wide gender ratio of 52.5% Male to 47.5% Female workforce.

Magnum strives to continuously nurture a work culture that offers all employees equal opportunities for career development, and for the company to remain as one of the most preferred places to work in our country. We continuously ensure our people, their skills and abilities are competitive and remain relevant for the future.

## *Responsible Gaming*

### Our Duty in Responsible Gaming

Magnum believes in bringing awareness to our players to treat our games as part of entertainment and to play within their limits without affecting their lifestyles & livelihood.

Magnum has strict rules to forbid underage (below 21 years old) to participate in the games and is in compliance always with highly regulated rules set by the authorities in Malaysia.

"Play Responsibly" is the special key message that Magnum uses to reach out to customers, sales retailers, employees and stakeholders to reinforce the importance of playing within their means.

Magnum is WLA Responsible Gaming Level 2 Certified and adheres to the WLA Responsible Gaming Framework and Industry Best Practices stipulated.



# CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Magnum Berhad ("Company" or "Magnum") remains fully committed in adopting and upholding high standards of corporate governance in all areas of its activities throughout the Group with the objective of safeguarding the interest of all stakeholders and enhancing shareholders' value as well as for long-term sustainability and growth.

The Board is mindful of the need to regularly review the Group's corporate governance practices against the principles and recommendations in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") with the view of ensuring that they remain relevant in meeting with the challenges of its business environment.

This statement outlines the manner in which the Group has applied the principles and recommendations set out in MCCG 2012 during the financial year under review.

## 1. ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Board Roles and Responsibilities

The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations. The Board assumes, among others, the following duties and responsibilities:-

- (a) Establishing the corporate vision and mission, as well as the philosophy of the Group;
- (b) Reviewing, adopting and monitoring the overall strategies and direction of the Group including setting performance objectives and approving the annual operating budgets for the Group as well as ensuring that the strategies promote sustainability;
- (c) Overseeing the conduct and performance of the Group's businesses to evaluate whether the businesses are properly managed. This includes ensuring that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
- (d) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- (e) Succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
- (f) Developing and implementing an investor relations programme or shareholders' communications policy for the Group;
- (g) Reviewing the adequacy and the integrity of the Group's internal control systems and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (h) Overseeing the operations of the Group's Enterprise Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk facing the Group;
- (i) Review and support the World Lottery Association's Responsible Gaming Framework established to ensure compliance to a comprehensive set of standards related to social responsibility; and
- (j) Review and ensure Management compliance to the World Lottery Association's Security Control Standards which includes the Information Security Management System Standard ISO/IEC 27001:2013.

The roles and responsibilities of the Chairman, the Executive Director and the Non-Executive Directors are clearly segregated, each having separate responsibilities and authority. The Chairman of the Board

# Corporate Governance Statement

(cont'd)

provides overall leadership to the Board in decision making and is primarily responsible for the orderly conduct and working of the Board whilst, the Executive Director is responsible for the day-to-day running of the business and implementation of Board's policies and decisions. The Non-Executive Directors play the key supporting role in contributing their knowledge and experience in the decision making process and towards the formulation of the Company's goals and policies. The Independent Directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The distinct and separate roles with clear division of responsibilities in the Board ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.

The Board has a formal schedule of matters reserved specifically for its decision (as set out in the Authority Chart) which includes the approval of corporate plans and budgets, acquisitions and disposal of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits. The Authority Chart also spells out the authority delegated by the Board to Senior Management who is responsible for the implementation of Board's policies and decisions.

The Board maintains specific Board committees with clear responsibilities and terms of reference to assist the Board in carrying out its stewardship role and function, and fulfilling its fiduciary duties and responsibilities.

Since February 2013, the Board has established a Board Charter which sets out the composition, roles and responsibilities of the Board. The Board Charter also outlines the processes and procedures for the Board and its Committees to be effective and efficient. The Board through the Nomination Committee will regularly review the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance. The Board Charter was last reviewed in August 2015.

The Board has also adopted the Directors' Code of Business Conduct and Ethics which serves as a guide for the Board in discharging its oversight role effectively. The Code of Business Conduct and Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders at all times.

The details of the Board Charter and the Directors' Code of Business Conduct and Ethics are available on the Company's website at [www.magnum.com.my](http://www.magnum.com.my).

## 1.2 Strategies promoting Sustainability

The Group has continuously played its role in the community by conducting its business activities ethically, responsibly and prudently. Serving the community is the focal area of the Group's Corporate Social Responsibility initiatives. The Group constantly reviews and repositions its business strategies to include greater customer awareness, innovative solutions as well as better and prompt customer service. The Group will endeavour to pursue excellent service to sustain its competitive edge. As part of its efforts towards employees' sustainability, the Group is committed to ensuring that its employees are provided with continuous trainings and development opportunities to equip them with the relevant skills, technical competence and leadership/management capabilities.

As part of the Group's continuous efforts to ensure good corporate governance practices, the Group has established a Whistle Blowing Policy to provide a clear line of communication and reporting of concerns by employees at all levels. This policy serves as a guide for employees to report or raise any genuine concerns about possible improprieties in matters of financial reporting, unethical behaviour, non-compliance with regulatory requirements and other malpractices.



# Corporate Governance Statement

(cont'd)

## 1.3 Supply of Information to the Board

The Board recognizes that decision making process is highly dependent on the quality of information furnished. As such, the Board expects and receives adequate, timely and quality information on an ongoing basis to enable the effective discharge of its duties.

The Board receives updates from the Management on the Group's operations and performance as well as the status of implementation of the Board's policies and decisions during the Board Meetings. Prior to the Board Meetings, a formal agenda together with a set of Board papers containing information relevant to the matters to be deliberated at the meeting are forwarded to all directors not less than two days before the meeting to ensure that they have sufficient time to peruse, deliberate, obtain additional information and/or seek further clarification on the matters to be tabled at the meetings.

The Board has direct access to Senior Management staff and has full and unrestricted access to all information pertaining to the Group's businesses and affairs, whether as a full Board or in their individual capacity. The Directors may, if necessary, obtain independent professional advice in the furtherance of their duties from external consultants at the Company's expense.

Every Director also has ready and unhindered access to the advice and services of the Company Secretaries. Both Company Secretaries are qualified to act as company secretary under Section 139A of the Companies Act, 1965. The Company Secretaries play an advisory role to the Board particularly with regard to the Company's constitution, corporate governance issues and directors' responsibilities in complying with regulatory requirements, codes, guidance and legislation.

The Company Secretaries also regularly update the Board on changes to statutory and regulatory requirements and advise the Board on the impact, if any, to the Company and the Board. The Company Secretaries attend all Board and Board Committees Meetings as well as general meetings and ensure that deliberations and decisions are well documented and kept, and subsequently communicated to Management for appropriate actions. The Company Secretaries also serve notice to the Directors and principal officers to notify them of the closed periods for dealings in the Company's shares pursuant to the provisions under Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR")

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments through continuous training. The Board is satisfied with the support and performance provided by the Company Secretaries in assisting the Board to discharge its duties.

## 2. STRENGTHEN COMPOSITION

### 2.1 Board Composition

The Board currently has six(6) members, comprising a Non-Executive Chairman, an Executive Director and four(4) Non-Executive Directors, of whom two(2) are Independent Directors. The composition of two(2) Independent Non-Executive Directors meets the one-third requirement for Independent Non-Executive Directors under the MMLR.

The Board comprises individuals of high calibre and integrity, and they possess a diverse range of skills and expertise in the areas of gaming, business management, corporate affairs, finance and accounting, investment banking, management consulting, private equity management, corporate communication and journalism. The composition of the Board represents a mix of knowledge, skills and expertise necessary for the effective stewardship of the Company and the Group. A brief profile of each Director is set out in this Annual Report.

# Corporate Governance Statement

(cont'd)

Since November 2014, the Board has adopted a Board Diversity Policy which set out the approach to achieve boardroom diversity. The policy stated that in designing the Board's composition, Board diversity will be considered from a number of aspects, including but not limited to gender, age, ethnicity, experience and background, skills, knowledge and length of service.

However, the Board does not consider it appropriate at this time to set quotas for Board representation but, will monitor developments in best practice.

Presently, the Board does not have any female Directors but, recognises the recommendation in the Corporate Governance Blueprint 2011 which stated that the Board should ensure women participation on the Board to reach 30% by year 2016. In this regard, although no specific target has been set, the Board is mindful and will review the suitability and credibility of women candidates to be appointed to the Board at a later date.

## 2.2 Board Committees

The Board has delegated certain functions to the Committees it established to assist in the execution of its responsibilities. The Committees operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of references. The Chairman of the respective Committees reports to the Board the outcomes of the Committee meeting and such reports are included in the Board papers. A summary of the various Committees and their compositions are as follows:-

### (a) Nomination Committee

The Nomination Committee currently consists exclusively of the following Non-Executive Directors, the majority of whom are Independent:-

- **Chairman**  
Datuk Vijeyaratnam a/l V. Thamothearam Pillay  
(Non-Independent Non-Executive Director)
- **Members**  
Dato' Wong Puan Wah  
(Independent Non-Executive Director)  
  
Dr David Charles Ian Harding  
(Independent Non-Executive Director)

The responsibilities of the Nomination Committee are as follows:-

- (a) Identify and recommend new nominees to the Board and Committees of the Board of the Company and its subsidiary companies;
- (b) Assist the Board to systematically assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director on an annual basis; and.
- (c) Assist the Board in reviewing its required mix of skills and experience and other qualities which non-executive directors should bring to the Board.

The Nomination Committee held two(2) meetings during the year 2015.

# Corporate Governance Statement

(cont'd)

## (b) Remuneration Committee

The Remuneration Committee currently consists of the following directors, the majority of whom are Non-Executive Directors:-

- **Chairman**  
Tan Sri Dato' Surin Upatsoon  
(Non-Independent Non-Executive Director)
- **Members**  
Dato' Wong Puan Wah  
(Independent Non-Executive Director)  
  
Dato' Lawrence Lim Swee Lin  
(Executive Director)

The responsibilities of the Remuneration Committee include the formulation of remuneration policy such as rewards and benefits and other terms of employment of the Executive Director as well as for the staff. The Remuneration Committee held two(2) meetings during the year 2015.

## (c) Group Audit Committee

The Group Audit Committee currently consists exclusively of the following Non-Executive Directors, the majority of whom are Independent:-

- **Chairman**  
Dr David Charles Ian Harding  
(Independent Non-Executive Director)
- **Members**  
Dato' Wong Puan Wah  
(Independent Non-Executive Director)  
  
Datuk Vijeyaratnam a/l V. Thamothearam Pillay  
(Non-Independent Non-Executive Director)

The terms of reference and activities of the Group Audit Committee during the year are set out in the Group Audit Committee Report in this Annual Report. The Group Audit Committee reviews the Group's financial reporting process, the system of internal control, the audit process and the Group's process for monitoring compliance with laws and regulations, and such other matters which may be delegated by the Board from time to time. The Group Audit Committee held five(5) meetings during the year 2015.

## (d) Group Risk Management Committee

The Group Risk Management Committee currently consists of the following Directors, the majority of whom are Independent Non-Executive Directors:-

- **Chairman**  
Dato' Wong Puan Wah  
(Independent Non-Executive Director)
- **Members**  
Datuk Vijeyaratnam a/l V. Thamothearam Pillay  
(Non-Independent Non-Executive Director)  
  
Dr David Charles Ian Harding  
(Independent Non-Executive Director)

The responsibilities of the Group Risk Management Committee include the review of the adequacy of the Group's risk management policies and framework and ensuring that adequate infrastructure, resources and systems are in place for risk management in the Group. The Group Risk Management Committee held two(2) meetings during the year 2015.

# Corporate Governance Statement

(cont'd)

## 2.3 Appointment to the Board

The Nomination Committee oversees the overall composition of the Board in terms of the appropriate size and skills as well as the balance between Executive Director, Non-Executive Directors and Independent Directors, and mix of skills and other core competencies required to be appointed as Directors of the Company in accordance with the MMLR.

In respect of the appointment of Directors, the Nomination Committee practices a clear and transparent nomination process which involves the following:-

Stage 1 : Identification of candidates

Stage 2 : Meeting up the candidates

Stage 3 : Evaluation of suitability of candidates

Stage 4 : Final deliberation by the Nomination Committee

Stage 5 : Recommendation to the Board

The Nomination Committee considers, among others, the following aspects in making the selection of candidates to be appointed as director:-

- (a) the person must have the key qualities such as honesty and integrity;
- (b) the person must have the appropriate qualification, training, skills, practical experience and commitment to effectively fulfills the role and responsibilities of the position; and
- (c) the person must manage his debts and financial affairs prudently.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and the overall effectiveness of the Board, taking into account the nature of the industry and the highly regulated environment in which the Group operates.

The proposed appointment of a new director to the Board will be approved by the full Board based on the recommendation of the Nomination Committee. During the year 2015, no new directors were appointed to the Board.

## 2.4 Annual Assessment of Board and Individual Directors

The Nomination Committee has a formal assessment in place to assess the effectiveness of the Board as a whole and the contribution of each individual director. The evaluation process is led by the Chairman of the Nomination Committee and supported by the Company Secretaries. All assessments and evaluations carried out by the Nomination Committee are properly documented.

The Board assessment comprises the Board Assessment and the Individual Self Assessment. The assessment of the Board is based on specific criteria, covering areas such as board conduct, board processes, board accountability, board governance, succession planning and interaction with management and stakeholders. For individual self-assessment, the assessment criteria include integrity, commitment, leadership, knowledge and communication ability. The criteria for assessing the independent directors include the relationship between the independent director and the Company and his involvement in any significant transaction with the Company.



# Corporate Governance Statement

(cont'd)

For the financial year under review, the Nomination Committee had conducted the annual review on the following areas:-

- (a) the Board's effectiveness as a whole;
- (b) the performance assessment of each individual Director;
- (c) the overall composition of the Board in terms of the appropriate size, mix of skills, experience and core competencies, and the balance between the Executive Director, Non-Executive Directors and Independent Directors; and
- (d) the independence of its Independent Directors.

In addition to the annual assessment of the Board members, the Nomination Committee had reviewed the Board Charter together with the Directors' Code of Business Conduct and Ethics and, assessed the training need for the directors during the year 2015.

Following the evaluations, the Board concluded that:-

- (a) the Board as a whole had performed well, were effective and had all the necessary skills, experiences and qualities to lead the Company;
- (b) the individual directors possess the requisite knowledge, competence and skills to effectively discharge their respective roles and to add value to the Company; and
- (c) the two independent directors of the Company have continued to be independent and they had demonstrated that they have exercised unbiased and independent judgements in the discharge of their duties as Independent Directors. None of the independent directors had any business or other relationship which could materially interfere with their exercise of independent judgement, objectivity or the ability to act in the best interest of the Company.

## 2.5 Remuneration of Directors

The objective of the Board in determining the Director's remuneration is that the levels of remuneration must be sufficient to attract, retain and motivate the Director to manage the business of the Group successfully.

The Executive Director's remuneration is linked to the corporate and individual performance. The Executive Director of the Company who is also an employee within the Group is remunerated separately in accordance with his employment contract.

All the Non-Executive Directors, except for those Non-Executive Directors who had waived their entitlements on their own accord, receive a standard fixed fee approved by shareholders at the annual general meeting. The directors' fees payable to the Non-Executive Directors are endorsed by the Board based on the recommendation of the Remuneration Committee and are tabled for approval by shareholders at the annual general meeting of the Company. The quantum of the fixed fee takes into consideration the Directors' increased fiduciary duties and responsibilities under the relevant regulatory requirements. Additional allowances are also paid to Independent Non-Executive Directors in accordance with the number of meetings attended during the year.

The Company reimburses reasonable expenses incurred by the Non-Executive Directors in the course of carrying out their duties.

# Corporate Governance Statement

(cont'd)

The details on the aggregate remuneration of Directors of the Company, distinguishing between executive and non-executive directors, during the financial year ended 31 December 2015 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Directors' Fees	-	240,000	240,000
Meeting Allowance	-	15,000	15,000
Salaries	-	-	-
Bonuses and Other Emoluments	-	-	-
Commission	-	-	-
Compensation for loss of office	-	-	-
Benefits-in-kind based on estimated money value	-	19,176	19,176
<b>Total</b>	<b>-</b>	<b>274,176</b>	<b>274,176</b>

The number of Directors whose total remuneration falls into each successive bands of RM50,000 during the financial year ended 31 December 2015 are as follows:-

Range of Remuneration	Number of Director		
	Executive	Non-Executive	Total
RM0 – RM50,000	1	2	3
RM50,001 – RM100,000	-	3	3
RM100,001 – RM150,000	-	-	-
<b>Total</b>	<b>1</b>	<b>5</b>	<b>6</b>

## 3. REINFORCE INDEPENDENCE

### 3.1 Board Balance

As the Board comprises five(5) Non-Executive Directors, two(2) of whom are Independent Directors, Board's decisions reflect the collective will of the Board and not the views of an individual or group. The Board is satisfied that the current composition of directors provides the appropriate balance and size necessary to promote all shareholders' interests and to govern the Group effectively.

The Board is mindful of Recommendation 3.5 of the MCCG 2012 which recommends that if the Chairman is not an Independent Director, the Board must be comprised of a majority of Independent Directors.

Notwithstanding this, the Board is of the opinion that there is no issue with regards to the balance of power and authority on the Board as the roles of the Non-Executive Chairman and Executive Director are set out and established while the decision making process of the Board is based on collective decisions without any individual exercising any considerable concentration of power or influence and well balanced by the presence of strong elements of independence in the Board.

# Corporate Governance Statement

(cont'd)

## 3.2 Re-election of Directors

The Articles of Association of the Company provide that all Directors shall retire from office at least once every three (3) years and that at every annual general meeting, at least one-third of the Board for the time being shall retire from office and shall be eligible for re-election. The Articles further provide that those Directors appointed during the financial year shall retire from office and they may offer themselves for re-election.

Retiring Directors who are seeking re-elections are subject to Directors' assessment overseen by the Nomination Committee. Upon the recommendation of the Nomination Committee, Dato' Wong Puan Wah and Dato' Lawrence Lim Swee Lin will be retiring by rotation at the forthcoming annual general meeting and being eligible, had offered themselves for re-election.

The process of re-election of Directors ensures that shareholders have a regular opportunity to reassess the composition of the Board. The election of each Director is voted on separately by the shareholders at the annual general meeting.

## 3.3 Board Independence

The Board comprises only one Executive Director and five Non-Executive Directors whereby one third are Independent Non-Executive Directors. The Non-Executive Directors are not employees of the Company and they do not participate in the day to day management of the Company. Thus, they remain objective and independent minded when they participated in the deliberations and decision making of the Board. Should a Director be interested in any transaction to be entered into by the Company, the interested Director will abstain from deliberations and decisions of the Board on the transaction. Hence, the Directors have the ability to exercise their duties and make decisions which are in the best interest of the Company.

The Board is mindful of the recommendation of the MCCG 2012 on limiting the tenure of independent directors to nine (9) years of service. Each of the two (2) Independent Directors of the Company has provided an annual confirmation of his independence to the Nomination Committee. The Nomination Committee has determined at the assessment carried out on the independent directors, in particular Dato' Wong Puan Wah who has served on the Board of more than nine (9) years, that:-

- (a) he has no interest or ties in the Company that could adversely affect independent and objective judgement and place the interest of the Company above all other interest;
- (b) he has met the criteria for independence as set out in Chapter 1 of the MMLR;
- (c) he continues to remain objective and is able to exercise independent judgement in expressing his views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company; and
- (d) he exercises due care as Independent Director of the Company and carries out his profession and fiduciary duties in the best interest of the Company.

The Board is of the view that there are significant advantages to be gained from the long serving Directors who possess great insight and knowledge of the Company's affairs.

In line with the recommendation of the MCCG 2012, the Company will be seeking shareholders' approval at the forthcoming Annual General Meeting to allow Dato' Wong Puan Wah to continue to act as an Independent Director of the Company. Upon the consent of Dato' Wong, the Board therefore, recommends and supports the continuation in office of Dato' Wong Puan Wah as Independent Director of the Company.



# Corporate Governance Statement

(cont'd)

## 4. FOSTER COMMITMENT

### 4.1 Directors' time commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their duties and responsibilities. This is evidenced by the full attendance record of the Directors at board meetings held during the year. The attendance of each Director at board meetings, where a total of five (5) meetings were held during the financial year ended 31 December 2015, are as set out below:-

Name of Director	Number of Meetings		
	Held	Attended	%
Tan Sri Dato' Surin Upatkoon	5	5	100
Dato' Lawrence Lim Swee Lin	5	5	100
Datuk Vijeyaratnam a/I.V. Thamothearam Pillay	5	5	100
Dato' Wong Puan Wah	5	5	100
Sigit Prasetya	5	5	100
Dr David Charles Ian Harding	5	5	100

The Board Meetings' dates of the Company are planned ahead of schedule and a commitment is obtained from the Directors on their availability to attend the Board Meetings. All Directors of the Company in office have complied with the minimum requirement to attend 50% of the Board Meetings held as provided in the Articles of Association of the Company.

All members of the Board are required to comply with the provision in the MMLR, which stipulate that each member shall not hold more than five(5) directorships in public listed companies to ensure that their commitment, resources and time are more focused to enable them to discharge their duties effectively. Further, in line with the recommendations of MCCG 2012, directors shall notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment.

### 4.2 Directors' Training

During the year, all the Directors in office were periodically updated on new regulations and statutory requirements, particularly on changes or amendments made to the MMLR. Besides these periodical updates, the Directors have attended the following training programmes during the financial year ended 31 December 2015:-

Name of Director	Seminar/Workshop/Training courses attended
Tan Sri Dato' Surin Upatkoon	<ul style="list-style-type: none"> <li>Leadership for Sustainable Growth</li> </ul>
Dato' Lawrence Lim Swee Lin	<ul style="list-style-type: none"> <li>Lead the Change : Getting Women on Boards</li> <li>Building effective finance functions from reporting to analytics to strategic input</li> <li>Leadership for Sustainable Growth</li> </ul>
Datuk Vijeyaratnam a/I V. Thamothearam Pillay	<ul style="list-style-type: none"> <li>Leadership for Sustainable Growth</li> </ul>

# Corporate Governance Statement

(cont'd)

Name of Director	Seminar/Workshop/Training courses attended
Dato' Wong Puan Wah	<ul style="list-style-type: none"> <li>Building effective finance functions from reporting to analytics to strategic input</li> <li>Leadership for Sustainable Growth</li> </ul>
Sigit Prasetya	<ul style="list-style-type: none"> <li>Leadership for Sustainable Growth</li> </ul>
Dr David Charles Ian Harding	<ul style="list-style-type: none"> <li>Leadership for Sustainable Growth</li> </ul>

All Directors have successfully completed the Mandatory Accreditation Programme (MAP) in compliance with MMLR.

The Board is mindful of the need to keep abreast with changes in both regulatory and business environments as well as with new developments within the industry in which the Group operates. The Directors will continue to undergo other relevant training programmes to upgrade themselves to effectively discharge their duties as Directors.

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Financial Reporting

The Board is responsible for the quality and completeness of publicly disclosed financial reports. In presenting the annual financial statements and quarterly results announcement of the Group, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board is assisted by the Group Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting to ensure that information to be disclosed are accurate, adequate and in compliance with relevant disclosure requirements.

The Directors' Responsibility Statement in respect of the preparation of the annual audited financial statements of the Company and the Group is set out below.

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which have been drawn up in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that the financial statements for each financial year present a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the year ended 31 December 2015, the Directors have:

- adopted and applied appropriate and relevant accounting policies consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared financial statements on a going concern basis.

The Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

# Corporate Governance Statement

(cont'd)

## 5.2 Relationship with the Auditors

The Board maintains a transparent and professional relationship with the Company's auditors through the Group Audit Committee.

The Group Audit Committee has been explicitly accorded the power to communicate directly with both the internal and external auditors. The external auditors, Messrs. Ernst & Young ("EY"), are invited to attend the Group Audit Committee Meetings at least twice a year to review the audit process and to discuss the Company's annual financial statements, the audit findings, the audit plan as well as problems and reservations arising from the final audit. The Group Audit Committee also meets with the external auditors whenever it deems necessary.

In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions relating to the conduct of the statutory audit and the preparation and contents of their audit report. The external auditors will report to the Group Audit Committee and the Management on any weaknesses in the internal control systems and any non-compliance of accounting standards that come to their attention in the course of their audit.

The Group Audit Committee is tasked with the authority from the Board to review any matters concerning the appointment and re-appointment, audit fee, resignation or dismissal of external auditors. Though the declaration of independence, integrity and objectivity made by the external auditors in their status audit report for each financial year end would suffice to serve as a written assurance from the external auditors on their independence and integrity, the Group Audit Committee ensures that the independence and objectivity of the external auditors are not compromised by conducting annual assessment to review and monitor the suitability and independence of the external auditors. The Group Audit Committee is satisfied with EY's performance, technical competency and audit independence and accordingly, has recommended their re-appointment as the Company's external auditors for the financial year 2016.

## 6. RECOGNISE AND MANAGE RISKS

### 6.1 Risk Management and Internal Controls

The Board has the overall responsibility for ensuring the implementation of risk management system to identify, assess and monitor principal risks faced by the Group as well as maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with internal procedures, guidelines, laws and regulations.

The Group Risk Management Committee reviews the adequacy of the Group's risk management policies and framework and ensuring that adequate infrastructure, resources and systems are in place for effective risk management of the Group.

The effectiveness of the system of internal controls of the Group is reviewed periodically by the Group Audit Committee. The review covers the financial, operational and compliance controls as well as risk management procedures.

The overview of the state of internal control and risk management within the Group is set out in the Statement on Risk Management and Internal Control in the Annual Report.

### 6.2 Internal Audit Function

Since July 2013, the Group's Internal Audit Function has been outsourced to MPH Capital Berhad's Group Internal Audit Department ("GIA"). Prior to July 2013, the Group had an in-house Internal Audit Department.



# Corporate Governance Statement

(cont'd)

The GIA assists the Board and the Group Audit Committee in ensuring that the risk management and internal control system of the Group are effective for purposes of safeguarding shareholders' investments and the Group's assets. The Head of the GIA, who is an Associate Member of the Institute of Internal Auditors Malaysia and Associate Member of the Chartered Institute of Management Accountants, reports directly to the Chairman of the Group Audit Committee. The GIA has adopted and complied with the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors of Malaysia. The summaries of activities of the internal audit function during the financial year are set out in the Group Audit Committee Report.

The GIA conducts its audit reviews based on approved internal audit plans. The frequency of audit on each business or operational units was determined by the level of risk assessed and greater focus is set for higher risk areas. All audit reports detailing the audit findings and recommendations are provided to Management who would respond on the actions to be taken. The GIA would submit to the Group Audit Committee the reports on key audit findings and actions taken by the Management as well as status on audit activities.

The Group Audit Committee is satisfied that the GIA has adequate resources to perform its functions effectively.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policy

The Board acknowledges the importance of ensuring that it has in place, appropriate corporate disclosure policies and procedures which leverages on information technology as recommended by the MCCG 2012.

The Board has established an internal Corporate Disclosure Policy to facilitate the handling and disclosure of material information in compliance with the provisions of the MMLR. It also serves as a guide to enhance the awareness among employees of the Company's disclosure requirements and practices. Clear roles and responsibilities of Directors, management and employees are provided together with levels of authority to be accorded to designated persons in the handling and disclosure of material information. It also sets out the measures to be taken by the Company to ensure proper handling of confidential information by Directors, employees and relevant parties to avoid leakage and improper use of such information.

## 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with the shareholders. At every Annual General Meeting, shareholders are given both the opportunity and time to raise questions pertaining to issues in the Annual Report, resolutions being proposed and the Group's operations and performance. Board members, senior management and relevant advisors are on hand to answer questions raised and give clarifications as required.

The Company sends out the Notice of the Annual General Meeting and related papers to shareholders at least twenty one days before the meeting. Each item of special business included in the Notice of the Annual General Meeting is accompanied by a full explanation of the effects of the proposed resolution to facilitate full understanding and evaluation of the issues involved.

# Corporate Governance Statement

(cont'd)

In line with the recommendation of MCCG 2012, the Company has always make preparations for poll voting for substantive resolutions at the general meeting. Further, the Board will evaluate the feasibility of carrying out electronic poll voting at the Company's general meetings in the future.

## 8.2 Communication with Shareholders and Investors

The Board recognizes the importance of timely and equal dissemination of information on major developments of the Group to shareholders and investors, which is carried out by means of various disclosures, press releases and announcements to the stock exchange, taking into consideration the legal and regulatory framework governing the release of material and price-sensitive information. The Group's performance is reported quarterly to the stock exchange and on a yearly basis, the Annual Report is an important channel used by the Company to provide its shareholders and investors with information on its business, financial performance and other key activities.

The Company has, from time to time, held meetings and dialogues with investors and research or investment analysts to convey information regarding the Group's progress, performance and business strategies. Press interviews were also conducted on significant corporate developments to keep the investing community and shareholders updated on any major developments of the business of the Group.

In addition, the Group maintains a website at [www.magnum.com.my](http://www.magnum.com.my) which is updated from time to time to provide shareholders and members of the public the current information and events relating to the Group.

## COMPLIANCE STATEMENT

The Board recognises that Corporate Governance is an ongoing process and is satisfied that the Company has substantially complied with the principles and recommendations of the MCCG 2012.

This Statement of Corporate Governance was approved by the Board on 31 March 2016.

# ADDITIONAL CORPORATE DISCLOSURES

## 1. Status of Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from any corporate proposals or any utilization of such which is relevant to the disclosure requirements of Bursa Malaysia Securities Berhad during the financial year 2015.

## 2. Share Buy-Back

During the financial year ended 31 December 2015, the Company bought back 1,618,000 of its ordinary shares of RM1.00 each ("Magnum Shares") from the open market and all the shares bought back by the Company were retained as treasury shares.

As at 31 December 2015, the number of treasury shares held by the Company is 14,653,331. None of the treasury shares were resold or cancelled during the financial year.

The details of Magnum Shares bought back during the year are as follows:-

Monthly Breakdown 2015	No. of Shares Purchased & Retained as Treasury Shares	Purchase Price Per Share^		Average Price Per Share^ (RM)	Total Consideration Paid* (RM)
		Lowest (RM)	Highest (RM)		
February	150,000	2.72	2.75	2.74	411,845.02
March	214,600	2.69	2.70	2.69	579,576.65
July	369,200	2.64	2.67	2.66	985,251.20
August	654,200	2.53	2.63	2.58	1,702,635.16
November	230,000	2.59	2.60	2.60	598,655.63
<b>Total</b>	<b>1,618,000</b>				<b>4,277,963.66</b>

### Notes :

^ Lowest, Highest and Average Prices paid are exclusive of brokerage fee and stamp duty.

\* Total consideration paid is inclusive of brokerage fee and stamp duty.

## 3. Amount of Options or Convertible Securities Exercised

The Company did not issue any options and convertible securities during the financial year 2015.

## 4. Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2015.

## 5. Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory authorities during the financial year ended 31 December 2015.



# Additional Corporate Disclosures

(cont'd)

## 6. Non-Audit Fees

During the financial year ended 31 December 2015, the following non-audit fees were paid to the Group's external auditors, Messrs. Ernst & Young ("EY"):-

No.	Non-audit services rendered by EY	Subsidiaries RM	Company RM
(a)	Review of Statement on Risk Management and Internal Control	--	5,990
(b)	Professional Service in connection with Magnum Corporation Sdn Bhd's Medium Term Notes - Review of financial covenant ratios	3,000	--
Total		3,000	5,990

## 7. Variation in Results

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced.

## 8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 31 December 2015.

## 9. Material Contracts Involving Directors and/or Major Shareholders

Save as disclosed in the Audited Financial Statements of the Group and the Company for the year ended 31 December 2015, none of the Directors and Major Shareholders have any material contracts with the Company and/or subsidiaries.

# GROUP AUDIT COMMITTEE REPORT

## COMPOSITION AND MEETINGS

During the financial year ended 31 December 2015, the composition of the Group Audit Committee ("GAC") of Magnum Berhad ("Magnum" or "Company") and details of attendance at the GAC Meeting, where a total of five (5) meetings were held, are as follows :-

Name of GAC Members	Number of Meetings Held	Number of Meetings Attended	%
Dr David Charles Ian Harding Chairman / Independent Non-Executive Director	5	5	100
Datuk Vijeyaratnam a/l V. Thamotheeram Pillay Member / Non-Independent Non-Executive Director	5	5	100
Dato' Wong Puan Wah Member / Independent Non-Executive Director	5	5	100

The GAC Meetings were appropriately structured through the use of agenda, which were distributed to members with sufficient notification prior to the meeting.

The internal auditors, external auditors and senior management had attended the GAC Meetings upon invitation by the GAC.

Minutes of each GAC Meeting were recorded and tabled for confirmation at the following GAC Meeting and subsequently presented to the Board for notation. The GAC Chairman will convey to the Board matters of significant concern as and when raised by the external auditors or internal auditors.

## TERMS OF REFERENCE OF THE GAC

In performing its duties and discharging its responsibilities, the GAC is guided by its Terms of Reference as summarised below.

## MEMBERSHIP

- The GAC shall be appointed by the Directors from amongst their members (pursuant to a resolution of the Board of Directors) which fulfils the requirements as prescribed under Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and Paragraph 7.0 of Practice Note 13 of the MMLR.
- No alternate director shall be appointed as a member of the GAC.
- Any vacancy, which affects the composition, must be filled up within three (3) months.
- The members of the GAC shall elect a Chairman, from among their members, who shall be an Independent Non-Executive Director.
- The Company Secretary ("Secretary") of Magnum shall serve as Secretary of the GAC.
- The Board of Directors shall review the term of office and performance of the GAC and each member no less than once in every three (3) years.

# Group Audit Committee Report

(cont'd)

## MEETINGS AND REPORTING PROCEDURES

- (a) The GAC shall meet not less than four (4) times a year, with each meeting planned to coincide with key dates in the Company's financial reporting cycle. The majority of GAC members present must be Independent Directors to form a quorum to the meeting.
- (b) The GAC shall meet at least twice (2) a year with the external auditors without the presence of Executive Board members and employees of the Company.
- (c) The Secretary is responsible for :-
  - (i) drawing up the agenda together with the Chairman, and circulating it, supported by explanatory documentation, to the committee members prior to each meeting;
  - (ii) recording attendance of all members and invitees;
  - (iii) recording all proceedings, and preparing and keeping minutes of all meetings; and
  - (iv) circulation of the minutes to all Board members at each Board Meeting.
- (d) The Chief Financial Officer and the Head of Group Internal Audit should normally attend meetings upon invitation of the GAC. Other directors, employees and representatives of the external auditors shall attend any particular GAC meeting only at the GAC's invitation, specific to the relevant meeting.

## AUTHORITY

The GAC shall have the authority to:

- (a) investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) obtain the independent professional advice it considers necessary;
- (f) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary;
- (g) report promptly any breaches of the Listing Requirements, which have not been satisfactorily resolved by the Board, to Bursa Malaysia Securities Berhad; and
- (h) convene a meeting, upon request of the external auditors, to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

# Group Audit Committee Report

(cont'd)

## KEY FUNCTIONS AND RESPONSIBILITIES

The GAC shall undertake the following responsibilities and duties and report to the Board of Directors:

- (a) Review the quarterly results and year-end financial statements, prior to the approval of the Board of Directors, focusing particularly on:
  - (i) changes in or implementation of major accounting policies and practices;
  - (ii) significant and unusual events;
  - (iii) going concern assumptions; and
  - (iv) compliance with accounting standards, regulatory and other legal requirements.
- (b) Review/recommend the nomination, appointment, re-appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board; and evaluate if there is reason (supported by facts) to believe that the Company's external auditors are not suitable for re-appointment.
- (c) Review/discuss with the external auditors:
  - (i) the independence and objectivity of the external auditors and their services, including non-audit services and professional fees, so as to ensure a proper balance between objectivity and value for money;
  - (ii) the audit scope and plan, and ensure co-ordination where more than one audit firm is involved;
  - (iii) its evaluations of the system of internal control;
  - (iv) the results of the interim (if any) and final audits and the Management's response thereto;
  - (v) problems and reservations arising from the interim (if any) and final audits, and any matter the auditors may wish to discuss (in the absence of the management, where necessary);
  - (vi) the assistance given by the employees to the external auditors, and any difficulties encountered in the course of the audit work.
- (d) In respect of the internal audit function, which is independent of the activities it audits and oversee, the GAC's functions are as follows:
  - (i) review the adequacy of the internal audit scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (ii) review the internal audit programmes, processes, progress of audit activities, the results of the internal audit activities or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (iii) review/recommend the nomination, appointment, re-appointment and performance of internal audit service provider before making recommendations to the Board; and evaluate if there is reason (supported by facts) to believe that the Company's internal audit service provider is not suitable for re-appointment.
- (e) Review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raise questions of management integrity.



# Group Audit Committee Report

(cont'd)

- (f) Direct, and where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- (g) Review the policies and procedures in respect of the reporting obligations of the Group in compliance with the provisions of Anti-Money Laundering and Anti-Terrorism Financing Act 2001 and any subsequent amendments.
- (h) Carry out any such other functions as authorised by the Board of Directors.

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2015

The activities undertaken by the GAC during the financial year ended 31 December 2015 are summarised as follows:-

- (a) Reviewed the quarterly unaudited financial results before recommending to the Board for their approval.
- (b) Reviewed with the external auditors on the annual audited financial statements of the Group before recommending to the Board for their approval. Any significant audit findings and accounting issues were deliberated at the GAC Meeting.
- (c) Reviewed with the external auditors the evaluation of the system of internal controls of the Group.
- (d) Met with the external auditors twice during the financial year without the presence of any Executive Board members and management, to discuss issues arising from the final audits, or any other matters the auditors may wish to discuss, including the level of assistance provided by the Group's employees to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- (e) Reviewed the Audit Planning Memorandum of the external auditors, in terms of the nature of the audit procedures, significant accounting and auditing issues, impact of new or proposed changes in the accounting standards and regulatory requirements for the financial year 2015.
- (f) Reviewed the performance of the external auditors including assessment of their independence, objectivity and effectiveness. Based on the results of the evaluation, the GAC was satisfied with the external auditors' technical competency, audit independence and performance and, accordingly, had recommended the re-appointment of the external auditors for the financial year 2015.
- (g) Reviewed and approved the Group Internal Audit's Annual Audit Plan in ensuring scope adequacy and comprehensive coverage on the audit activities and principal risk areas are adequately identified and covered.
- (h) Reviewed the adequacy of resources and the competencies of the Group Internal Auditors to ensure satisfactory performance by Group Internal Auditors.
- (i) Reviewed the Group Internal Auditors' progress of audit activities and the internal audit reports of the Group, which highlighted issues, recommendations and Management's responses to ensure appropriate actions were taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.
- (j) Reviewed with the internal auditors, the records and documents relating to compliance with the internal policy and compliance procedures in relation to the Group's reporting obligations under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 and any subsequent amendments.
- (k) Reviewed with the internal auditors the adequacy and comprehensiveness of the Group Enterprise Risk Management Framework for adoption by the Group.

# Group Audit Committee Report

(cont'd)

- (l) Reviewed the terms and procedures of recurrent related party transactions entered into by the Group and any conflict of interest situations arising from those transactions.
- (m) Reviewed the Group Audit Committee Report and Statement on Risk Management and Internal Control and, recommended to the Board for approval prior to their inclusion in the Company's 2014 Annual Report.

## SUMMARY OF INTERNAL AUDIT FUNCTION OR ACTIVITIES

Since July 2013, the internal audit function has been outsourced to MPH Capital Berhad's Group Internal Audit Department.

During the financial year ended 31 December 2015, the Internal Audit Department carried out the following activities:-

- (1) Prepared the annual audit plan for the review and approval of the GAC. The annual audit plan was prepared using a risk-based methodology, including input from the Chairman of GAC and Senior Management.
- (2) Regularly performed risk based audits, which covered reviews of the internal control system, risk management, accounting and management information system. The reviews evaluated the following:
  - a) Efficiency and effectiveness of the management control and monitoring functions;
  - b) Adequacy and effectiveness of internal controls as well as compliance with ISO/IEC 27001:2013 and World Lottery Association Security Control Standard (WLA-SCS:2012) requirements and internal policies and procedures;
  - c) Adequacy and comprehensiveness of existing policies and procedures;
  - d) Efficiency and effectiveness of the work processes;
  - e) Assess staffing adequacy in relation to the existing work processes;
  - f) Adequacy and comprehensiveness of the Group Enterprise Risk Management Framework; and
  - g) Identify areas for further improvements.
- (3) Performed regular observations and verifications of the weekly and special draws.
- (4) Performed verifications of the submission to the Ministry of Finance for pool betting and gaming tax and unclaimed prize money.
- (5) Issued audit reports to the GAC and Management identifying weaknesses and issues as well as highlighting recommendations for improvements.
- (6) Follow-up on the actions taken by Management to resolve the weaknesses noted and updated GAC on the status.

The costs incurred for the internal audit function of the Group for financial year ended 31 December 2015 was RM0.86 million (Year 2014: RM0.88 million).

This Report was approved by the Board on 31 March 2016.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## BOARD RESPONSIBILITY

The Board of Directors ("Board") acknowledges the importance of maintaining a sound internal control system and a robust risk management framework for good corporate governance; with the objective of safeguarding the shareholders' investment, the interest of customers, regulators, and the Group's assets. The Board affirms its overall responsibility for reviewing the adequacy and the effectiveness of the Group's risk management and internal control system. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

In view of the limitations that are inherent in any internal control system, the Board ensures that this system is designed to manage the Group's key areas of risk within acceptable risk profile, rather than eliminate the risk of failure of achieving the Group's policies and objectives. Therefore, the system implemented can only provide reasonable but not absolute assurance against material misstatement or loss or fraud.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying, assessing, monitoring and reporting risks and internal control; as well as taking proper actions to address the risks.

In November 2013, the Group was granted accreditation by the World Lottery Association (WLA) for the WLA Security Control Standard. The WLA Security Control Standard, WLA-SCS:2012 is a comprehensive set of controls and standards for lottery operators and vendors worldwide, which also includes compliance with the ISO/IEC 27001:2013 Standard for information security management system.

Taking into consideration the assurance from the Executive Director and Chief Financial Officer and input from the relevant assurance providers, which includes accreditation by the World Lottery Association, the Board is of the view that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, during the year under review. The Board is committed and will continue to take measures to strengthen the risk management and internal control environment of the Group.

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

### 1. Risk Management

- Risk Management is firmly embedded in the Group's culture, processes and structure of the Company.
- Group Risk Management Committee ("GRMC") was established by the Board in assisting the Board to oversee the overall risk management. The Committee performs its risk oversight responsibilities and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. The Committee is made up of three directors and two of them are independent non-executive directors.
- Management Risk Committee ("MRC") which consists of Senior Management and key personnel of the companies in the Group, was established to assist the Board Committee (i.e. GRMC). The MRC is supported by a Senior Manager as the Risk Management Officer who coordinates the risk management activities of the Group.
- Enterprise Risk Management Framework (ERMF) was designed to inculcate the discipline to manage risks in a formalized and comprehensive manner across the Group. It outlines the policy, risk governance structure, responsibilities and risk management process of the Group. The risk appetite and tolerance of the Group is defined in the ERMF, with triggers and escalation process defined to ensure appropriate actions being taken promptly by Management and escalated to the Board; where appropriate.
- Risk assessment is conducted minimum annually by the respective Working Committees comprising of Senior Management and relevant Head of Departments. The process involves identifying and reviewing new and existing key risks factors that affect the Group and the corresponding mitigation action plan to address them; in accordance to the Group's risk appetite and tolerance defined in the ERMF. It includes update on the effectiveness of the mitigation action implemented.

# Statement On Risk Management And Internal Control (cont'd)

- The risk assessment report is presented to the Management Risk Committee; for review before presentation to the members of Risk Management Committee and ultimately for endorsement of the Board.
- The Group will continue to foster risk-aware culture in all decision-making and to commit in managing all risks in a proactive and effective manner. This is to enable the Group to respond effectively to the changing business and competitive environment which are critical for the Group's sustainability and the enhancement of shareholders' value.

## 2. Independent Assurance Mechanism

- Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are carried out through internal audits.
- The Group has outsourced the activities and function of internal audit to the Group Internal Audit Department of MPH Capital Berhad with effect from 1st July 2013. Prior to this date, the internal audit function was provided by in-house Magnum (formerly known as Multi-Purpose Holdings Berhad) Group Internal Audit Department. The change was due to the demerger exercise where the entire internal audit team that was formerly employed under Multi-Purpose Holdings Berhad was reorganized to be under MPH Capital Berhad. The Head of the Department is an Associate Member of Institute of Internal Auditors and Associate Member of Chartered Institute of Management Accountants and reports directly to the Chairman of Magnum's Group Audit Committee. The internal auditors adhere to the standards of best professional practice, such as those published by the Institute of Internal Auditors and the relevant guidelines and recommendations from relevant authorities.
- The internal audit function provides a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's risk management, internal control, and governance processes.
- The findings of the internal audits are discussed with Management and affirmative action agreed in the response to the audit recommendations are duly documented in the audit report and tabled at the Audit Committee meetings. Follow up will be carried out by Internal Audit Department should there be unresolved findings and the status of actions taken by Management will be reported to the Audit Committee.
- The Audit Committee reviews and approves the Annual Internal Audit Plan. It also reviews the internal audit functions and quality of internal audits.
- In addition to this internal mechanism, the Audit Committee also reviews the detailed audit reports and management letter from its external auditors.

## 3. Other Key Elements of Internal Control Systems

- There are documented standard operating policies and procedures that have been adopted by the Management to regulate the Group's functional processes.
- The Group has clear and formally defined approving authority limits and authorization procedures, which is the primary instrument that governs and manages the business decision making process within the Group. It also ensures that a system of internal control and checks and balances are incorporated therein.
- An annual budget is reviewed and approved by the Board. The actual performance is assessed against the approved budget where explanations, clarifications and corrective actions taken are regularly reported by the Management for significant variances to the Board. Regular reports on key operating statistics, including legal and regulatory matters are also submitted to the Board for review. The Board also approves any changes or amendments to the Group's policies.



# Statement On Risk Management And Internal Control (cont'd)

- The Group places much emphasis on human capital management and talent management with the objectives of ensuring staff of all levels are adequately trained and competent to carry out their duties and responsibilities towards achieving the Group's objectives.
- The Management team undertake site visits to the operating units and communicate with various levels of staff to gauge the effectiveness of the strategies discussed and implemented as well as understand their problems and concerns with regard to daily operations. This is to ensure transparent and open channel of communication is maintained and to enable prompt corrective actions taken for any deficiencies noted.
- The Group has in place a Whistle Blowing Policy that is approved by the Board. The policy outlines the Group's commitment towards enabling the employees to raise concerns in a responsible manner regarding any wrong doings or malpractices without being subject to victimization or discriminatory treatment, and to have such concerns properly investigated. All the disclosures made under the Policy will be handled with strict confidence. The Policy promotes a culture of honesty, openness and transparency within the Group.

## BOARD ASSESSMENT

Taking into consideration the assurance from the Executive Director and Chief Financial Officer and input from the relevant assurance providers, the Board is of the view that the Group's risk management and internal control systems to safeguard shareholders' investments and Group's assets are operating adequately and effectively in all material aspects, during the year under review. There will be continual focus on measures to protect and enhance shareholders' value and business sustainability.

## REVIEW OF THIS STATEMENT

As required by Para 15.23 of the Main Market Listing Requirements, the external auditors have reviewed the Statement on Risk Management and Internal Control. This review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants ("MIA"). Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system within the Group.

RPG 5 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all the risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon.

This Statement was approved by the Board on 31 March 2016.



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# DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

The principal activities of the Group consist of:

- investment holding and management services;
- operation and management of a licensed four digit numbers forecast betting game; and
- provision of computer software and other related services.

The principal activity of the Company is investment holding.

There have been no significant changes in the nature of these principal activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year	231,938	319,913
Attributable to:		
Owners of the Company	226,813	319,913
Non-controlling interests	5,125	-
	231,938	319,913

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

# Directors' Report (cont'd)

## DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2014 were as follows:

RM'000

### In respect of the financial year ended 31 December 2014:

Fourth interim single-tier dividend of 5% on 1,424,563,323 ordinary shares declared on 13 February 2015 and paid on 27 March 2015.	71,228
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### In respect of the financial year ended 31 December 2015:

First interim single-tier dividend of 5% on 1,424,348,723 ordinary shares declared on 28 May 2015 and paid on 26 June 2015.	71,218
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Second interim single-tier dividend of 5% on 1,423,325,323 ordinary shares declared on 18 August 2015 and paid on 25 September 2015.	71,166
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Third interim single-tier dividend of 2.5% on 1,423,095,323 ordinary shares declared on 20 November 2015 and paid on 28 December 2015.	35,577
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249,189

The Directors do not recommend any payment of final dividend in respect of financial year ended 31 December 2015.

## DIRECTORS

The Directors of the Company in office since the date of the last report and the date of this report are:

Tan Sri Dato' Surin Upatkoorn  
Dato' Lawrence Lim Swee Lin  
Datuk Vijeyaratnam a/l V. Thamotharam Pillay  
Dato' Wong Puan Wah  
Mr Sigit Prasetya  
Dr David Charles Ian Harding

In accordance to Article 81 of the Company's Articles of Association, Dato' Wong Puan Wah and Dato' Lawrence Lim Swee Lin retire from the Board and, being eligible offer themselves for re-election.



# Directors' Report (cont'd)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 8 (a) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company or its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1.00 each			
	1.1.2015	Acquired	Sold	31.12.2015
<b>Shares in the Company</b>				
<b>Direct Interest:</b>				
Dato' Lawrence Lim Swee Lin	8,183,826	-	-	8,183,826
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	1,406,070	-	-	1,406,070
Dr David Charles Ian Harding	3,768,564	-	(1,676,600)	2,091,964
Dato' Wong Puan Wah	61,000	-	-	61,000
<b>Indirect Interest:</b>				
Datuk Vijeyaratnam a/l V. Thamotharam Pillay ^	60,000	-	-	60,000
<b>Deemed Interest:</b>				
Tan Sri Dato' Surin Upatkoorn #	470,984,361	640,000	-	471,624,361

# Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through his shareholdings in Cypress Holdings Limited, Pinjaya Sdn. Bhd. and indirect interest held through his daughter pursuant to Section 134(12)(c) of the Companies Act, 1965.

^ Indirect interest held through his spouse.

Tan Sri Dato' Surin Upatkoorn, by virtue of his interest in shares in the Company, is also deemed interested in the shares or securities of the subsidiaries of the Company to the extent of the Company's interest in these subsidiaries.

Save as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares or securities in the Company or its related corporations during the financial year.

# Directors' Report (cont'd)

## TREASURY SHARES

During the financial year, the Company repurchased 1,618,000 of its own shares from the open market at the market price ranging from RM2.53 to RM2.75 per share. The total consideration paid for the repurchase including transaction costs was RM4,278,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. There was no resale or cancellation of treasury shares during the financial year.

As at 31 December 2015, a total of 14,653,331 shares are held as treasury shares. Such treasury shares are held at a carrying amount of RM29,866,000 and further relevant details on the treasury shares are disclosed in Note 20(a) to the financial statements.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

# Directors' Report (cont'd)

## OTHER STATUTORY INFORMATION (cont'd)

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2016.

**Dato' Lawrence Lim Swee Lin**

**Datuk Vijeyaratnam a/l V. Thamothearam Pillay**

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Dato' Lawrence Lim Swee Lin** and **Datuk Vijeyaratnam a/I V. Thamotharam Pillay**, being two of the Directors of Magnum Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 55 to 128 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 35 to the financial statements on page 128 have been prepared in accordance with the Guidance on Special Matter 1, Determination of Realized and Unrealized Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2016.

**Dato' Lawrence Lim Swee Lin**

**Datuk Vijeyaratnam a/I V. Thamotharam Pillay**

# STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Loh Min-jiann**, being the officer primarily responsible for the financial management of Magnum Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 55 to 128 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed **Loh Min-jiann**  
at Kuala Lumpur in the Federal Territory  
on 31 March 2016

**Loh Min-jiann**

Before me,  
M. Sivanason (Licence No. W590)  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGNUM BERHAD

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Magnum Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 55 to 128.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# Independent Auditors' Report (cont'd)

To The Members Of Magnum Berhad

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which are indicated in Note 34 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## Other reporting responsibilities

The supplementary information set out in Note 35 to the financial statements on page 128 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young**  
AF: 0039  
Chartered Accountants

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No. 2991/05/16(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
31 March 2016

# STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	4	2,767,010	2,886,541	324,000	336,756
Cost of sales	5	(2,293,795)	(2,374,990)	-	-
Gross profit		473,215	511,551	324,000	336,756
Other income	6	20,245	24,821	2,414	4,921
Administrative expenses		(29,324)	(30,643)	(2,464)	(3,432)
Other expenses		(79,082)	(80,251)	(3,149)	(955)
<b>Operating profit</b>		385,054	425,478	320,801	337,290
Finance costs	7	(51,399)	(51,768)	(544)	(1,075)
<b>Profit before tax</b>	8	333,655	373,710	320,257	336,215
Income tax (expense)/credit	9	(101,717)	(112,759)	(344)	270
<b>Profit for the financial year</b>		231,938	260,951	319,913	336,485
<b>Profit attributable to:</b>					
Owners of the Company		226,813	256,538	319,913	336,485
Non-controlling interests		5,125	4,413	-	-
<b>Profit for the financial year</b>		231,938	260,951	319,913	336,485

		Group	
		2015	2014
<b>Earnings per share attributable to owners of the the Company (sen per share)</b>			
Basic	10	15.9	18.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit for the financial year</b>		231,938	260,951	319,913	336,485
<b>Other comprehensive income</b>					
<b>Items to be reclassified to profit or loss in subsequent periods:</b>					
Foreign currency translation		(30)	(3)	-	-
Change in fair value of available-for-sale investments		1,112	(69)	956	-
<b>Total other comprehensive income to be reclassified to profit or loss in subsequent periods, representing total other comprehensive income for the financial year</b>		1,082	(72)	956	-
<b>Total comprehensive income for the financial year</b>		233,020	260,879	320,869	336,485
<b>Attributable to:</b>					
Owners of the Company		227,895	256,466	320,869	336,485
Non-controlling interests		5,125	4,413	-	-
<b>Total comprehensive income for the financial year</b>		233,020	260,879	320,869	336,485

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	55,886	44,091	2	3
Investment properties	13	580	580	-	-
Investment in subsidiaries	14	-	-	1,989,097	1,989,097
Investment securities	15	260,087	246,900	246,814	233,783
Intangible assets	16	2,738,392	2,738,407	-	-
Deferred tax assets	24	3,894	9,413	-	-
		3,058,839	3,039,391	2,235,913	2,222,883
<b>Current assets</b>					
Inventories	17	1,284	1,131	-	-
Investment securities	15	90,752	67,745	46,033	53,666
Receivables	18	34,351	34,475	1,371,008	1,296,189
Tax recoverable		75,779	58,291	2,712	2,999
Deposits, cash and bank balances	19	361,156	462,110	6,696	7,016
		563,322	623,752	1,426,449	1,359,870
<b>Total assets</b>		3,622,161	3,663,143	3,662,362	3,582,753



# Statements Of Financial Position (cont'd)

As At 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	20	1,437,749	1,437,749	1,437,749	1,437,749
Share premium	20	716,608	716,608	716,608	716,608
Treasury shares	20	(29,866)	(25,588)	(29,866)	(25,588)
Other reserves	21	(674,503)	(675,585)	956	-
Retained profits	22	967,815	990,191	1,427,285	1,356,561
		2,417,803	2,443,375	3,552,732	3,485,330
<b>Non-controlling interests</b>		40,433	37,766	-	-
<b>Total equity</b>		2,458,236	2,481,141	3,552,732	3,485,330
<b>Non-current liabilities</b>					
Borrowings	23	943,208	940,990	-	-
Deferred tax liabilities	24	3,839	2,530	-	-
		947,047	943,520	-	-
<b>Current liabilities</b>					
Amounts due to subsidiaries	25	-	-	108,743	96,010
Borrowings	23	49,922	49,915	-	-
Payables	26	165,842	185,971	887	1,413
Tax payable		1,114	2,596	-	-
		216,878	238,482	109,630	97,423
<b>Total liabilities</b>		1,163,925	1,182,002	109,630	97,423
<b>Total equity and liabilities</b>		3,622,161	3,663,143	3,662,362	3,582,753

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to Owners of the Company					
	Share capital (Note 20) RM'000	Share premium (Note 20) RM'000	Non-distributable Other reserves (Note 21) RM'000	Treasury shares (Note 20) RM'000	Retained profits (Note 22) RM'000	Total equity RM'000
<b>Group</b>						
<b>At 1 January 2014</b>	1,437,749	716,608	(675,513)	(17,656)	1,018,875	2,480,063
Total comprehensive (loss)/income for the financial year	-	-	(72)	-	256,538	256,466
						260,879
<b>Transactions with owners</b>						
Acquisition of interests from non-controlling shareholders	-	-	-	-	-	(239)
Dividends (Note 11)	-	-	-	-	(285,222)	(285,222)
Purchase of own shares (Note 20(a))	-	-	-	(7,932)	-	(7,932)
						(295,683)
<b>Total transactions with owners</b>	-	-	-	(7,932)	(285,222)	(293,154)
						(295,683)
<b>At 31 December 2014</b>	1,437,749	716,608	(675,585)	(25,588)	990,191	2,443,375
						37,766
						2,481,141
<b>At 1 January 2015</b>	1,437,749	716,608	(675,585)	(25,588)	990,191	2,443,375
Total comprehensive income for the financial year	-	-	1,082	-	226,813	227,895
						5,125
						233,020
<b>Transactions with owners</b>						
Acquisition of interests from non-controlling shareholders	-	-	-	-	-	(18)
Dividends (Note 11)	-	-	-	-	(249,189)	(249,189)
Purchase of own shares (Note 20(a))	-	-	-	(4,278)	-	(4,278)
						(251,629)
<b>Total transactions with owners</b>	-	-	-	(4,278)	(249,189)	(253,467)
						(253,467)
<b>At 31 December 2015</b>	1,437,749	716,608	(674,503)	(29,866)	967,815	2,417,803
						40,433
						2,458,236

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Company	← Non-distributable →			Treasury shares (Note 20) RM'000	Retained profits (Note 22) RM'000	Total equity RM'000
	Share capital (Note 20) RM'000	Share premium (Note 20) RM'000	Other reserves (Note 21) RM'000			
<b>At 1 January 2014</b>	1,437,749	716,608	-	(17,656)	1,305,298	3,441,999
Total comprehensive income for the financial year	-	-	-	-	336,485	336,485
<b>Transactions with owners</b>						
Purchase of own shares (Note 20(a))	-	-	-	(7,932)	-	(7,932)
Dividends (Note 11)	-	-	-	-	(285,222)	(285,222)
<b>Total transactions with owners</b>	-	-	-	(7,932)	(285,222)	(293,154)
<b>At 31 December 2014</b>	1,437,749	716,608	-	(25,588)	1,356,561	3,485,330
<b>At 1 January 2015</b>	1,437,749	716,608	-	(25,588)	1,356,561	3,485,330
Total comprehensive income for the financial year	-	-	956	-	319,913	320,869
<b>Transactions with owners</b>						
Purchase of own shares (Note 20(a))	-	-	-	(4,278)	-	(4,278)
Dividends (Note 11)	-	-	-	-	(249,189)	(249,189)
<b>Total transactions with owners</b>	-	-	-	(4,278)	(249,189)	(253,467)
<b>At 31 December 2015</b>	1,437,749	716,608	956	(29,866)	1,427,285	3,552,732

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	2015 RM'000	2014 RM'000
<b>Operating activities</b>		
Profit before taxation	333,655	373,710
Adjustments for:		
Depreciation of property, plant and equipment	6,416	8,489
Interest expense	51,399	51,768
Amortisation of intangible assets	15	15
Gain on disposal of:		
- property, plant and equipment	(268)	(203)
- investment properties	-	(1,532)
- investment securities	(1)	(192)
Interest income	(17,278)	(16,179)
Dividend income on quoted shares	(206)	(499)
Property, plant and equipment written off	3,173	294
Provision for retirement benefits	-	683
Allowance for impairment - other receivables	-	361
Bad debts written off	13	-
Loss/(gain) arising from fair value change in investment securities	2,462	(3,773)
Operating cash flows before changes in working capital	379,380	412,942
Changes in working capital:		
(Increase)/decrease in inventories	(153)	316
Decrease in receivables	246	38,866
(Decrease)/increase in payables	(20,135)	4,698
Cash flows generated from operations	359,338	456,822
Net income tax paid	(113,831)	(69,220)
Real Property Gains Tax refund/(paid)	10	(200)
Retirement benefits paid	-	(805)
Net cash flows generated from operating activities	245,517	386,597

# Consolidated Statement Of Cash Flows (cont'd)

For The Financial Year Ended 31 December 2015

Group	2015 RM'000	2014 RM'000
<b>Investing activities</b>		
Proceeds from disposals of:		
- property, plant and equipment	680	530
- investment properties	-	9,777
- investment securities	1,004	6,353
Purchase of:		
- additional shares in subsidiary from non-controlling shareholders	(18)	(239)
- property, plant and equipment	(21,796)	(12,905)
- investment securities	(42,026)	(3,797)
Movement in cash deposits pledged	(5,174)	763
Withdrawal of investment funds	4,170	3,000
Net dividend received from quoted shares	206	499
Interest received	16,067	16,125
Interest paid	(48,851)	(49,354)
Net cash flows used in investing activities	(95,738)	(29,248)
<b>Financing activities</b>		
Net repayment of borrowings	-	(25,000)
Dividends paid to:		
- shareholders	(249,189)	(285,222)
- non-controlling interests	(2,440)	(2,290)
Purchase of own shares	(4,278)	(7,932)
Net movement in fixed deposits with licensed bank	193	(230)
Net cash flows used in financing activities	(255,714)	(320,674)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(105,935)</b>	<b>36,675</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>440,999</b>	<b>404,324</b>
<b>Cash and cash equivalents at end of year (Note 19)</b>	<b>335,064</b>	<b>440,999</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Company	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	320,257	336,215
Adjustments for:		
Bad debts written off	13	-
Loss/(gain) arising from fair value change in investment securities	2,462	(3,773)
Depreciation of property, plant and equipment	1	88
Dividend income	(324,000)	(336,756)
Property, plant and equipment written off	-	2
Gain on disposal of:		
- property, plant and equipment	(111)	-
- investment securities	(1)	(192)
Waiver of debts to subsidiaries	-	12
Interest expense	544	1,075
Interest income	(1,611)	(956)
Operating cash flows before changes in working capital	(2,446)	(4,285)
Changes in working capital:		
(Increase)/decrease in receivables	(648)	42,079
Decrease in payables	(471)	(7,631)
Inter-company balances	12,659	(39,116)
Cash flows generated from/(used in) operations	9,094	(8,953)
Net tax paid	(57)	(423)
Net cash flows generated from/(used in) operating activities	9,037	(9,376)

# Statement Of Cash Flows (cont'd)

For The Financial Year Ended 31 December 2015

Company	2015 RM'000	2014 RM'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(2)
Purchase of investment securities	(11,385)	(3,163)
Proceeds from disposal of:		
- property, plant and equipment	111	-
- investments securities	1,005	6,353
Dividends received	250,451	263,115
Withdrawal of investment funds	4,170	3,000
Interest paid	(544)	(1,075)
Interest received	357	787
Net cash flows generated from investing activities	244,165	269,015
<b>Cash flows from financing activities</b>		
Purchase of own shares	(4,278)	(7,932)
Dividends paid	(249,189)	(285,222)
Net cash flows used in financing activities	(253,467)	(293,154)
<b>Net decrease in cash and cash equivalents</b>	(265)	(33,515)
<b>Cash and cash equivalents at beginning of year</b>	7,016	40,531
<b>Cash and cash equivalents at end of year (Note 19)</b>	6,751	7,016

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company are both located at 35th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

The principal activities of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 34. There have been no significant changes in the nature of these principal activities during the financial year.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 March 2016.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and amended MFRSs which are mandatory for annual periods beginning on or after 1 January 2015 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis other than as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except on 1 January 2015, the Group and the Company adopted the following new and amended MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

Adoption of the above standards did not have any effect on the financial performance or position and policy of the Group and the Company.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

#### MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. An investee is classified as a subsidiary if it is controlled by the Group. Specifically, the Group controls an investee if, and only if, the Group has:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement(s) with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; or
- (iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies to be in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.



# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.4 Basis of consolidation (cont'd)

#### *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.5 Transactions with non-controlling interest

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

Total comprehensive income within a subsidiary is attributed to the non-controlling interests even if that results in a deficit balance.

### 2.6 Intangible assets

#### (i) Computer software

Computer software comprises computer application software which were developed or acquired to meet the unique requirements of a subsidiary company.

Computer software acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in the profit or loss in the period in which the expenditure is incurred.

Computer software with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful lives are reviewed at least once at each financial year-end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### (ii) Gaming rights

The costs of gaming rights ("Rights") acquired in a business combination are their fair values at the date of acquisition. Following the initial recognition, the Rights are carried at cost less any accumulated impairment losses. The Rights comprise:

- a licence for four digit number forecast betting operations in Malaysia under Section 5 of the Pool Betting Act, 1967 ("Licence") which is renewable annually; and
- trademarks, trade dress, gaming design and processes and agency network.

The Licence has been renewed annually since 1969.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.6 Intangible assets (cont'd)

#### (iii) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Leasehold land and buildings are measured at cost less accumulated depreciation and impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets at the annual rates as follows:

	%
Leasehold land	2 - 5
Buildings on leasehold land and freehold land	2 - 5
Plant and equipment	5 - 33.3
Computer equipment	12.5 - 20

Assets under construction included in work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.7 Property, plant and equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold land and building are depreciated over the shorter of the residual lease period and estimated useful life. Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its use or disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment.

### 2.9 Leases

#### The Group as lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.10 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### 2.11 Inventories

Inventories are stated at lower of cost and net realisable value.

Ticket stocks are stated at the lower of cost and net realisable value, with cost being determined on the first in, first out basis. Cost includes actual cost of materials and incidentals in bringing stocks into store. In arriving at net realisable value, due allowance is made for obsolete and slow moving items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with a maturity of three months or less. These may also include bank overdrafts (if any) that form an integral part of the Group's and the Company's cash management process.

### 2.13 Borrowing costs

All borrowing costs are recognised in the profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowings of funds.

### 2.14 Income taxes

#### (i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.14 Income taxes (cont'd)

#### (ii) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

### 2.15 Employee benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.15 Employee benefits (cont'd)

#### (iii) Defined benefit plans

In the previous financial year, in addition to the contributions made to the statutory employees provident fund, the participating companies of the Group contribute at an approved rate to two funded schemes for eligible employees based on defined benefit plans. These funds are known as the Magnum Group Retirement Scheme ("MGRS") and Multi-Purpose Group Retirement Scheme ("MPGRS"), and were established pursuant to a trust deed in 1985 and 1984 respectively.

The provision for retirement benefits has been retained to meet unfunded past service liabilities and in addition, annual provisions were made at rates as advised by the actuaries to cover the shortfall in the approved rate of contributions to the funded scheme in respect of future service liabilities.

The Group's obligations under MGRS and MPGRS are calculated using the Projected Unit Credit Method. Contributions and provisions made were charged to the profit or loss.

### 2.16 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue and other income are recognised:

#### (i) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (ii) Revenue from gaming activities

Revenue from gaming activities is recognised based on ticket sales net of gaming tax and Goods and Services Tax ("GST") in respect of draw days within the financial year.

#### (iii) Revenue from services

Revenue from services rendered is recognised net of GST and discounts as and when the services are performed.

#### (iv) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield of the asset.

### 2.17 Foreign currencies

#### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.17 Foreign currencies (cont'd)

#### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates used in the translation of foreign monetary assets and liabilities and financial statements of foreign subsidiaries are as follows:

	2015 RM	2014 RM
1 United States Dollar	4.30	3.49
1 Pound Sterling	6.37	5.44
100 Hong Kong Dollar	55.43	45.06
100 Philippine Peso	9.16	7.81
100 Japanese Yen	3.57	-

#### (iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (a) Financial assets

##### (i) Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale ("AFS") investments. The Group and the Company determine the classification of the financial assets at initial recognition.

The Group's and the Company's financial assets are financial assets at fair value through profit or loss, loans and receivables and AFS investments.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading or financial assets designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as other income or other expenses in the statement of profit or loss.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These asset are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as allowance for impairment of loans and receivables.

This category generally applies to receivables as disclosed in Note 18.

##### **AFS investments**

AFS investments include equity investments and debt securities. Equity investments classified as AFS investments are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.18 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### (i) Initial recognition and subsequent measurement (cont'd)

###### AFS investments (cont'd)

These financial assets are initially recognised at fair value including direct and incidental transaction cost, and subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the profit or loss in other expenses. Interest earned whilst holding AFS investments is reported as interest income using the EIR method. Dividend income is recognised in statement of profit or loss when the Group's right to receive payment is established.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Group and the Company evaluates whether the ability and intention to sell its AFS investments in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

##### (ii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.18 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### (ii) Derecognition (cont'd)

When the Group and the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

#### (b) Financial liabilities

##### (i) Initial recognition and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group and the Company's financial liabilities include payables and borrowings.

After initial recognition, trade and other payables and loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

##### (ii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of profit or loss.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.18 Financial instruments (cont'd)

#### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.19 Impairment of financial assets

The Group and the Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### (i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.19 Impairment of financial assets (cont'd)

#### (ii) AFS investments

For AFS investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS investments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss – is removed from OCI and recognised in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS investments, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

### 2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.22 Treasury shares

Own equity shares reacquired are recognised at amount of consideration paid, including directly attributable costs, in equity. Reacquired shares are held as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the purchase, sale, reissuance or cancellation of the treasury shares. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity, as appropriate. Where treasury shares are distributed as share dividends, the cost of treasury shares are applied in the reduction of share premium reserve or distributable retained profits or both.

### 2.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

### 2.24 Provisions for liabilities

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.25 Current versus non-current classification

The Group and the Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) deposits, cash and bank balances unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.25 Current versus non-current classification (cont'd)

A liability is classified as current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classified all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.26 Fair value measurement

The Group and the Company measure financial instruments and non-financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 2.18.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.26 Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### 3.1 Judgements made in applying accounting policies

The following is the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

#### Impairment of available-for-sale investments

The Group reviews its equity instruments classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The Group estimates the duration and extent to which the fair value of an investment is less than its cost; the financial health and near term business outlook for the investee, including but not limited to factors such as industry and sector performance, changes in technology; and operational and financial cash flows.

The determination of what is "significant" or "prolonged" require judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost, and will impair quoted and unquoted equity instruments with "significant" decline in fair value greater than 20% or "prolonged" period, being greater than 12 months.



# Notes To The Financial Statements (cont'd)

31 December 2015

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### (a) Impairment of goodwill and gaming rights

The Group determines whether the goodwill and gaming rights which have indefinite useful lives, are tested for impairment either annually or on a more frequent interval, depending on events or changes in circumstances that indicate the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill and gaming rights belongs to.

In assessing value in use, the management is required to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate to their present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and gaming rights and sensitivity analysis to changes in the assumptions are as disclosed in Note 16.

The Group will continue the annual renewal of the license for the four digit numbers forecast betting operation in Malaysia ("License") indefinitely and considers the License to contribute to the Group's net cash inflows indefinitely. Historically, there has been no compelling challenge to the License renewal. The technology used in the gaming activities is supported by a subsidiary company of the Group and is not expected to be replaced by another technology at any time in the foreseeable future.

#### (b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

#### (c) Impairment of available-for-sale investments

Significant judgment is required to assess impairment for available-for-sale investments. The Group evaluates the duration and extent to which the fair value of an investment is less than its cost; the financial health and near term business outlook for the investee, including but not limited to factors such as industry and sector performance, changes in technology; and operational and financial cash flows.

#### (d) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Factors considered by the Group are probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

### 3.2 Key sources of estimation uncertainty (cont'd)

#### (e) Deferred tax assets and tax recoverable

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of the recognised and unrecognised tax losses, capital allowances and other deductible temporary differences of the Group and of the Company are as disclosed in Note 24.

The Directors of the Group are of the opinion that total tax recoverable of RM75,779,000 (2014: RM58,291,000) is recoverable, subject to the agreement of the Inland Revenue Board.

#### (f) Depreciation of computer equipment

The cost of computer equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these computer equipment to be within 5 to 8 years. These are common life expectancies applied in the gaming industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (g) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 4. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Investment income in respect of gross dividends from:				
- subsidiaries	-	-	323,794	336,257
- investment securities				
- quoted in Malaysia	60	367	60	367
- quoted outside Malaysia	127	112	127	112
- unquoted outside Malaysia	19	20	19	20
Sale of four digit forecast tickets	206	499	324,000	336,756
Sale of computer software and consultancy services	2,766,498	2,885,390	-	-
Others	290	630	-	-
	16	22	-	-
	2,767,010	2,886,541	324,000	336,756

## 5. COST OF SALES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of gaming activities	2,293,795	2,374,990	-	-

## 6. OTHER INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gain on disposal of:				
- investment securities	1	192	1	192
- property, plant and equipment	268	203	111	-
- investment properties	-	1,532	-	-
Interest income (Note 6(a))	17,278	16,179	1,611	956
Gain on foreign exchange	1,649	289	690	-
Gain arising from fair value change in investment securities	-	3,773	-	3,773
Others	1,049	2,653	1	-
	20,245	24,821	2,414	4,921

# Notes To The Financial Statements (cont'd)

31 December 2015

## 6. OTHER INCOME (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(a) <b>Interest income</b>				
Interest income on:				
- short term deposits	14,881	14,702	376	764
- Malaysian Government Securities	522	522	-	-
- Investment securities	640	634	-	192
- others	1,235	321	1,235	-
	17,278	16,179	1,611	956

## 7. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
- term loans, revolving credit and overdrafts	1	189	-	-
- medium term notes	48,810	48,640	-	-
- loan from subsidiaries	-	-	544	1,075
Transaction costs	2,225	1,951	-	-
Others	363	988	-	-
	51,399	51,768	544	1,075

## 8. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Depreciation of property, plant and equipment	6,416	8,489	1	88
Directors' remuneration (Note 8(a))	2,026	2,799	255	338
Auditors' remuneration (Note 8(b))	501	695	51	145
Amortisation of intangible assets	15	15	-	-
Rent of land and buildings	1,249	1,339	282	347
Provision for retirement benefit (Note 26)	-	683	-	-
Employee benefits expense (Note 8(c))	25,993	26,110	228	198
Loss arising from fair value change in investment securities	2,462	-	2,462	-
Waiver of debts to subsidiaries	-	-	-	12
Allowance for impairment				
- other receivables	-	361	-	-
Bad debts written off				
- trade receivables	13	-	13	-
Property, plant and equipment written off	3,173	294	-	2
Loss on foreign exchange	1,171	-	-	-

# Notes To The Financial Statements (cont'd)

31 December 2015

## 8. PROFIT BEFORE TAX (cont'd)

### (a) Directors' remuneration

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive Directors' remuneration:				
- salaries and other emoluments	1,513	1,637	-	-
- benefits-in-kind	14	24	-	-
	1,527	1,661	-	-
Non-executive Directors' remuneration:				
- fees	240	320	240	320
- salaries and other emoluments	273	842	15	18
- benefits-in-kind	19	30	19	30
	532	1,192	274	368
Total Directors' remuneration	2,059	2,853	274	368
Less: Estimated money value of benefits-in-kind	(33)	(54)	(19)	(30)
Total Directors' remuneration excluding benefits-in-kind	2,026	2,799	255	338

The number of Directors of the Company whose total remuneration excluding benefits-in-kind for the Group during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2015	2014
Executive Directors:		
RM1,500,001 - RM1,550,000	1	-
RM1,600,001 - RM1,650,000	-	1
Non-executive Directors:		
RM0 - RM50,000	1	1
RM50,001 - RM100,000	3	3
RM250,001 - RM300,000	1	-
RM900,001 - RM950,000	-	1

### (b) Auditors' remuneration

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors of the Company:				
- statutory audit	589	705	85	121
- over provision in prior years	(118)	(37)	(64)	-
- other services	30	27	30	24
	501	695	51	145

# Notes To The Financial Statements (cont'd)

31 December 2015

## 8. PROFIT BEFORE TAX (cont'd)

### (c) Employee benefits expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	22,273	22,050	197	173
Contributions				
- defined contribution plan	2,973	2,727	20	14
- defined benefit plan	-	683	-	4
Other staff related expenses	747	650	11	7
	25,993	26,110	228	198

Included in employee benefits expense of the Group are Executive Director's remuneration amounting to RM1,513,000 (2014: RM1,637,000).

## 9. INCOME TAX (EXPENSE)/CREDIT

### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Statements of profit or loss:</b>				
Current income tax:				
Malaysian income tax	93,657	116,156	350	89
Under/(over) provision in prior years	1,242	4,444	(6)	(359)
	94,899	120,600	344	(270)
Deferred tax (Note 24):				
Origination and reversal of temporary differences	6,117	(4,625)	-	-
Over/(under) provision in prior years	711	(3,416)	-	-
	6,828	(8,041)	-	-
Real Property Gains Tax	(10)	200	-	-
<b>Income tax expense/(credit)</b>	<b>101,717</b>	<b>112,759</b>	<b>344</b>	<b>(270)</b>



# Notes To The Financial Statements (cont'd)

31 December 2015

## 9. INCOME TAX (EXPENSE)/CREDIT (cont'd)

### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	2015 RM'000	2014 RM'000
<b>Group</b>		
Profit before tax	333,655	373,710
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	83,414	93,428
Income not subject to tax	(39,306)	(53,325)
Non-deductible expenses	58,298	70,635
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,703)	(2,448)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,090	3,241
Under provision of income tax in prior years	1,242	4,444
Under/(over) provision of deferred tax in prior years	711	(3,416)
Adjustment for income taxed under Real Property Gains Tax	(10)	200
Income tax expense	101,736	112,759
<b>Company</b>		
Profit before tax	320,257	336,215
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	80,064	84,054
Income not subject to tax	(81,172)	(85,228)
Non-deductible expenses	1,458	1,263
Over provision of income tax in prior years	(6)	(359)
Income tax expense/(credit)	344	(270)

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdictions. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016 for the Company. The effects arising from the reduction in tax rate relating to the computation of deferred taxation as at the financial year end is not significant to the Group and the Company.

The Group has the following tax losses and capital allowances that are available indefinitely for off-setting against future taxable profits of the entities where they arose:

	Group	
	2015 RM'000	2014 RM'000
Unused tax losses	4,696	15,146

# Notes To The Financial Statements (cont'd)

31 December 2015

## 9. INCOME TAX (EXPENSE)/CREDIT (cont'd)

The following are tax losses and capital allowances for which deferred tax have not been recognised as the Group and the Company could not anticipate when they would realise:

	2015 RM'000	Group 2014 RM'000
Unused tax losses	4,696	15,146
Deferred tax at 24% (2014: 24%)	1,127	3,635

## 10. EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year.

	2015 RM'000	Group 2014 RM'000
Profit for the financial year attributable to owners of the Company	226,813	256,538
	2015 '000	2014 '000
Weighted average number of ordinary shares in issue	1,423,992	1,426,359
	2015 Sen	2014 Sen
Basic earnings per share	15.9	18.0

# Notes To The Financial Statements (cont'd)

31 December 2015

## 11. DIVIDENDS

	Dividends in respect of year			Dividends recognised in year	
	2015 RM'000	2014 RM'000	2013 RM'000	2015 RM'000	2014 RM'000
Fourth interim single-tier dividend of 5% on 1,427,320,623 ordinary shares	-	-	71,366	-	71,366
First interim single-tier dividend of 5% on 1,427,320,623 ordinary shares	-	71,366	-	-	71,366
Second interim single-tier dividend of 5% on 1,424,903,323 ordinary shares	-	71,245	-	-	71,245
Third interim single-tier dividend of 5% on 1,424,903,323 ordinary shares	-	71,245	-	-	71,245
Fourth interim single-tier dividend of 5% on 1,424,563,323 ordinary shares	-	71,228	-	71,228	-
First interim single-tier dividend of 5% on 1,424,348,723 ordinary shares	71,218	-	-	71,218	-
Second interim single-tier dividend of 5% on 1,423,325,323 ordinary shares	71,166	-	-	71,166	-
Third interim single-tier dividend of 2.5% on 1,423,095,323 ordinary shares	35,577	-	-	35,577	-
	177,961	285,084	71,366	249,189	285,222

The directors do not recommend any payment of final dividend in respect of financial year ended 31 December 2015.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings on leasehold and freehold land RM'000	Plant and equipment RM'000	Computer equipment RM'000	Work-in- progress RM'000	Total RM'000
<b>Group</b>						
<b>2015</b>						
<b>Cost</b>						
At 1 January 2015	9,580	30,952	26,157	49,557	5,385	121,631
Additions	-	1,695	1,245	18,441	415	21,796
Disposals	-	-	(1,313)	(407)	-	(1,720)
Write-off	-	(385)	(198)	(1,567)	(2,660)	(4,810)
Reclassification	-	1,100	-	-	(1,100)	-
At 31 December 2015	9,580	33,362	25,891	66,024	2,040	136,897
<b>Accumulated depreciation</b>						
At 1 January 2015	-	3,736	21,420	44,746	-	69,902
Depreciation charge for the year	-	1,034	1,510	3,872	-	6,416
Disposals	-	-	(1,308)	-	-	(1,308)
Write-off	-	(339)	(168)	(1,130)	-	(1,637)
At 31 December 2015	-	4,431	21,454	47,488	-	73,373
<b>Accumulated impairment losses</b>						
At 1 January 2015/ 31 December 2015	-	7,638	-	-	-	7,638
<b>Net carrying amount</b>						
At 31 December 2015	9,580	21,293	4,437	18,536	2,040	55,886

# Notes To The Financial Statements (cont'd)

31 December 2015

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Buildings on leasehold and freehold land RM'000	Plant and equipment RM'000	Computer equipment RM'000	Work-in- progress RM'000	Total RM'000
<b>Group</b>						
<b>2014</b>						
<b>Cost</b>						
At 1 January 2014	4,646	28,696	25,291	46,823	4,743	110,199
Additions	5,110	2,380	1,774	1,849	2,227	13,340
Disposals	(176)	(124)	(505)	(17)	-	(822)
Write-off	-	-	(403)	(525)	(158)	(1,086)
Reclassification	-	-	-	1,427	(1,427)	-
At 31 December 2014	9,580	30,952	26,157	49,557	5,385	121,631
<b>Accumulated depreciation</b>						
At 1 January 2014	-	3,077	20,377	39,246	-	62,700
Depreciation charge for the year	-	694	1,886	5,909	-	8,489
Disposals	-	(35)	(447)	(13)	-	(495)
Write-off	-	-	(396)	(396)	-	(792)
At 31 December 2014	-	3,736	21,420	44,746	-	69,902
<b>Accumulated impairment losses</b>						
At 1 January 2014/ 31 December 2014	-	7,638	-	-	-	7,638
<b>Net carrying amount</b>						
At 31 December 2014	9,580	19,578	4,737	4,811	5,385	44,091

# Notes To The Financial Statements (cont'd)

31 December 2015

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Plant and equipment RM'000	Computer equipment RM'000	Total RM'000
<b>2015</b>			
<b>Cost</b>			
At 1 January 2015	1,450	26	1,476
Disposal	(1,008)	-	(1,008)
At 31 December 2015	442	26	468
<b>Accumulated depreciation</b>			
At 1 January 2015	1,449	24	1,473
Depreciation charge for the year	1	-	1
Disposal	(1,008)	-	(1,008)
At 31 December 2015	442	24	466
<b>Net carrying amount</b>			
At 31 December 2015	-	2	2
<b>2014</b>			
<b>Cost</b>			
At 1 January 2014	1,710	277	1,987
Additions	-	2	2
Write-off	(260)	(253)	(513)
At 31 December 2014	1,450	26	1,476
<b>Accumulated depreciation</b>			
At 1 January 2014	1,620	276	1,896
Depreciation charge for the year	87	1	88
Write-off	(258)	(253)	(511)
At 31 December 2014	1,449	24	1,473
<b>Net carrying amount</b>			
At 31 December 2014	1	2	3



# Notes To The Financial Statements (cont'd)

31 December 2015

## 13. INVESTMENT PROPERTIES

	Group	
	2015 RM'000	2014 RM'000
<b>Cost/Net carrying amount</b>		
At 1 January/ 31 December	580	580
<b>Estimated fair value</b>	658	658

Investment properties comprise freehold land and leasehold land. Freehold land has an unlimited useful life and therefore is not depreciated while leasehold land is depreciated over the shorter of their estimated useful life and lease term of 99 years (2014: 99 years).

Investment properties are stated at cost. Estimated fair values are based on Directors' estimation. Fair value is determined using the comparison method of valuation.

## 14. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	2,091,059	2,091,059
Less: Accumulated impairment losses	(101,962)	(101,962)
	1,989,097	1,989,097

Details of the subsidiaries are disclosed in Note 34.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 15. INVESTMENT SECURITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>				
<b>Available-for-sale investments</b>				
Unquoted shares in Malaysia	243,005	231,619	243,005	231,619
Investment Management Funds	3,809	2,164	3,809	2,164
Malaysian Government Securities	13,273	13,117	-	-
Total non-current investment securities	260,087	246,900	246,814	233,783
<b>Current</b>				
<b>Financial assets at fair-value-through-profit or loss</b>				
Quoted shares in Malaysia	21,334	27,371	21,334	27,371
Quoted shares outside Malaysia	24,699	22,130	24,699	22,130
Unit trusts	44,719	18,244	-	4,165
Total current investment securities	90,752	67,745	46,033	53,666
Total investment securities	350,839	314,645	292,847	287,449

The following table provides information on the interest rate range of Malaysian Government Securities at the reporting date and the maturity or repricing periods, whichever is earlier.

	Group	
	2015 RM'000	2014 RM'000
Within 1 year	-	-
1 to 5 years	13,273	13,117
	13,273	13,117

	Group	
	2015 %	2014 %
Interest rate per annum	4.01	4.01

# Notes To The Financial Statements (cont'd)

31 December 2015

## 16 . INTANGIBLE ASSETS

Group	Goodwill RM'000	Four digit gaming rights RM'000	Development cost for Jackpot games RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2014	901,531	1,836,199	657	2,738,387
Development cost capitalised	-	-	91	91
At 31 December 2014/1 January 2015 and 31 December 2015	901,531	1,836,199	748	2,738,478
<b>Accumulated amortisation and impairment</b>				
At 1 January 2014	-	-	56	56
Amortisation for the year	-	-	15	15
At 31 December 2014/1 January 2015	-	-	71	71
Amortisation for the year	-	-	15	15
At 31 December 2015	-	-	86	86
<b>Net carrying amount</b>				
At 31 December 2014	901,531	1,836,199	677	2,738,407
At 31 December 2015	901,531	1,836,199	662	2,738,392

The development cost for Jackpot games represents internal development cost capitalised and have remaining amortisation period of 44 to 48 years (2014: 45 to 49 years).

### Impairment testing of the gaming rights and goodwill

The gaming rights and goodwill have been allocated to the gaming segment. The recoverable amount of the gaming segment has been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period (2014: five-year period). The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are as follows:

	Gaming rights		Goodwill	
	2015 %	2014 %	2015 %	2014 %
Growth rates	1.28	1.33	1.28	1.33
Discount rates	9.39	9.09	9.68	9.52

# Notes To The Financial Statements (cont'd)

31 December 2015

## 16 . INTANGIBLE ASSETS (cont'd)

The calculations of value-in-use for the gaming segment are most sensitive to the following assumptions:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected growth.

(ii) Growth rates

The weighted average growth rates used are consistent with the average growth rate for the industry.

(iii) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the gaming segment.

### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for the gaming segment, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount of the gaming segment to materially fall below their carrying amount.

The Group performed its annual impairment test of the gaming rights and goodwill as at 31 December 2015. Based on the impairment test analysis, management has determined that no impairment is needed. The carrying amount of the remaining goodwill as at 31 December 2015 is attributable to the gaming segment.

## 17. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
<b>At cost:</b>		
Ticket stocks	1,284	1,131

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM6,486,000 (2014: RM6,187,000).

# Notes To The Financial Statements (cont'd)

31 December 2015

## 18. RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>				
Trade receivables (a)	8,037	9,783	-	204
Less: Allowance for impairment loss	-	(186)	-	(186)
Trade receivables, net	8,037	9,597	-	18
Other receivables (b)	14,318	13,423	329,035	254,256
Prepayments	12,357	11,814	1,270	1,284
Staff loans	-	2	-	2
Amounts due from subsidiary companies (c)	-	-	1,040,703	1,040,629
Less: Allowance for impairment loss	(361)	(361)	-	-
Other receivables, net	26,314	24,878	1,371,008	1,296,171
Total receivables	34,351	34,475	1,371,008	1,296,189
Total receivables	34,351	34,475	1,371,008	1,296,189
Add: Deposits, cash and bank balances (Note 19)	361,156	462,110	6,696	7,016
Less: Prepayments	(12,357)	(11,814)	(1,270)	(1,284)
Total loans and receivables	383,150	484,771	1,376,434	1,301,921

### (a) Trade receivables

#### Gaming

Trade receivables amounting to RM7,691,000 (2014: RM9,195,000) are due and payable on the same day and shall be bank in within the banking hours on the same day. The amount received after the banking hours shall be paid on the following banking day.

#### Information technology services

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors and the Group normal trade credit term is 60 days (2014: 30 to 60 days).

# Notes To The Financial Statements (cont'd)

31 December 2015

## 18. RECEIVABLES (cont'd)

### (a) Trade receivables (cont'd)

#### Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	73	173	-	-
1 to 30 days past due not impaired	7,710	9,195	-	-
31 to 60 days past due not impaired	15	211	-	-
61 to 90 days past due not impaired	15	-	-	-
91 to 120 days past due not impaired	224	-	-	-
More than 121 days past due not impaired	-	18	-	18
	7,964	9,424	-	18
Impaired	-	186	-	186
	8,037	9,783	-	204

#### Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,964,000 (2014: RM9,424,000) that are past due at the reporting date but not impaired. In the previous financial year, the Company had trade receivables amounting to RM18,000 that are past due at the reporting date but not impaired.

#### Trade receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	Individually impaired		Individually impaired	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables - nominal amounts	-	186	-	186
Less: Allowance for impairment loss	-	(186)	-	(186)
	-	-	-	-



# Notes To The Financial Statements (cont'd)

31 December 2015

## 18. RECEIVABLES (cont'd)

### (a) Trade receivables (cont'd)

#### Trade receivables that are impaired (cont'd)

Movement in allowance accounts:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	186	186	186	186
Written off	(186)	-	(186)	-
At 31 December	-	186	-	186

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (b) Other receivables

Breakdown of other receivables of the Group and the Company are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Dividend receivable	-	-	326,930	253,381
Deposits	3,084	3,100	688	699
Others	11,234	10,323	1,417	176
	14,318	13,423	329,035	254,256

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Movement in allowance accounts:				
At 1 January	361	-	-	-
Charge for the year	-	361	-	-
At 31 December	361	361	-	-

### (c) Amounts due from subsidiaries

The amounts due from subsidiaries consists of amount which are unsecured, repayable on demand and non-interest bearing.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 19. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash at banks and on hand	14,501	29,437	243	1,566
Short term deposits with licensed banks	346,655	432,673	6,453	5,450
Deposits, cash and bank balances	361,156	462,110	6,696	7,016
Less:				
Cash deposits pledged (Note 23)	(25,855)	(20,681)	-	-
Cash deposits with licensed banks with maturity period of more than 3 months	(237)	(430)	-	-
Cash and cash equivalents	335,064	440,999	6,696	7,016

Included in deposits placed with licensed banks of the Group is an amount of RM25,855,000 (2014: RM20,681,000) which is pledged to licensed banks as security for banking facilities granted to subsidiaries and borrowings as disclosed in Note 23. Short term deposits of the Group and the Company are placed for periods ranging between 1 day and 365 days (2014: 1 day and 365 days) and 1 day and 31 days (2014: 1 day and 31 days) respectively.

The range of effective interest rates for deposits at the reporting date were 0.88% to 3.90% (2014: 0.88% to 3.55%) per annum during the financial year.

## 20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

### Group and Company

	Number of ordinary shares of RM1 each		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
<b>Authorised share capital</b>				
At 1 January/31 December	10,000,000	10,000,000	10,000,000	10,000,000

	Number of ordinary shares of RM1 each		Amount		
	Share capital (issued and fully paid) '000	Treasury shares '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Treasury shares RM'000
<b>2015</b>					
At 1 January	1,437,749	(13,035)	1,437,749	716,608	(25,588)
Purchase of own shares	-	(1,618)	-	-	(4,278)
At 31 December	1,437,749	(14,653)	1,437,749	716,608	(29,866)

# Notes To The Financial Statements (cont'd)

31 December 2015

## 20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd)

	Number of ordinary shares of RM1 each		Amount		
	Share capital (issued and fully paid) '000	Treasury shares '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Treasury shares RM'000
<b>2014</b>					
At 1 January	1,437,749	(10,428)	1,437,749	716,608	(17,656)
Purchase of own shares	-	(2,607)	-	-	(7,932)
At 31 December	1,437,749	(13,035)	1,437,749	716,608	(25,588)

### Treasury Shares

The share buy-back mandate expired at the Annual General Meeting and was renewed at the Annual General Meeting held on 29 May 2015.

During the financial year, the Company repurchase a total of 1,618,000 shares (2014: 2,607,300 shares) from the open market at market price ranging from RM2.53 to RM2.75 each. The total consideration paid for the repurchase including transaction costs was RM4,278,000 (2014: RM7,932,000). The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 1,437,748,654 (2014: 1,437,748,654) issued and fully paid ordinary shares as at 31 December 2015, 14,653,331 (2014: 13,035,331) are held as treasury shares by the Company. The total cost of acquisition of the treasury shares amounted to RM29,866,000 (2014: RM25,588,000).

## 21. OTHER RESERVES

	Capital reserve RM'000 Note 21(a)	AFS reserve RM'000 Note 21(b)	Other reserve RM'000 Note 21(c)	Total RM'000
<b>Group</b>				
At 1 January 2015	20,832	(56)	(696,361)	(675,585)
Total other comprehensive income	-	1,112	(30)	1,082
At 31 December 2015	20,832	1,056	(696,391)	(674,503)
At 1 January 2014	20,832	13	(696,358)	(675,513)
Total other comprehensive income	-	(69)	(3)	(72)
At 31 December 2014	20,832	(56)	(696,361)	(675,585)

# Notes To The Financial Statements (cont'd)

31 December 2015

## 21. OTHER RESERVES (cont'd)

	Capital reserve RM'000 Note 21(a)	AFS reserve RM'000 Note 21(b)	Other reserve RM'000 Note 21(c)	Total RM'000
<b>Company</b>				
At 1 January 2015	-	-	-	-
Total other comprehensive income	-	956	-	956
At 31 December 2015	-	956	-	956

- (a) In accordance with Article 138 of the Articles of Association of a subsidiary, the capital reserve arose from the gain on disposal of investments transferred from retained profits in prior years.
- (b) AFS reserve represents the cumulative fair value changes, net of tax, of available-for-sale investments until they are disposed of or impaired.
- (c) Other reserve represents the difference of non-controlling interest acquired and the fair value of consideration paid arising from acquisition of additional shares in subsidiaries.

## 22. RETAINED PROFITS

The Company retained profits are available for distribution as single tier dividends.

## 23. BORROWINGS

	2015 RM'000	Group 2014 RM'000
<b>Current</b>		
Secured: Medium term notes	49,922	49,915
<b>Non-current</b>		
Secured: Medium term notes	943,208	940,990
<b>Total loans and borrowings</b>	<b>993,130</b>	<b>990,905</b>

# Notes To The Financial Statements (cont'd)

31 December 2015

## 23. BORROWINGS (cont'd)

The remaining maturities of the borrowings are as follows:

	Group 2015 RM'000	2014 RM'000
On demand within one year	49,922	49,915
Later than 1 year and not later than 2 years	224,125	49,802
Later than 2 years and not later than 3 years	223,600	223,594
Later than 3 years and not later than 4 years	222,978	223,078
Later than 4 years	272,505	444,516
	993,130	990,905

	Group 2015 RM'000	2014 RM'000
At 1 January	990,905	988,954
Amortisation of transaction costs (Note 7)	2,225	1,951
At 31 December	993,130	990,905
Due within a year	49,922	49,915
Due within two to five years	893,208	718,972
Due more than five years	50,000	222,018
	993,130	990,905

In 2012, a subsidiary company, Magnum Corporation Sdn. Bhd. ("MCSB"), took up a 20 years Medium Term Notes ("MTN") programme of up to RM1,000,000,000 at nominal value. As at 14 September 2012, six series of MTN totalling RM1,000,000,000 at nominal value were issued.

During the current financial year, series seven was issued upon maturity of one of the series issued in 2012. The nominal value of the MTN issued is RM50,000,000.

The MTN shall mature and be redeemed in the following years:

Series	Tenure	Maturity	Group 2015 RM'000
4.50% per annum MTN	4 years	14 September 2016	50,000
4.73% per annum MTN	5 years	14 September 2017	225,000
4.84% per annum MTN	6 years	14 September 2018	225,000
5.00% per annum MTN	7 years	14 September 2019	225,000
5.07% per annum MTN	8 years	14 September 2020	225,000
5.55% per annum MTN	8 years	14 September 2023	50,000
			1,000,000

# Notes To The Financial Statements (cont'd)

31 December 2015

## 23. BORROWINGS (cont'd)

The MTN is secured by the following:

- (i) first and third party charges over all the shares directly or indirectly, legally and beneficially owned by MCSB in Magnum 4D Berhad ("M4DB");
- (ii) first and third party charges over all the shares held directly or indirectly, legally and beneficially owned by M4DB in certain gaming subsidiaries; and
- (iii) all monies deposited or held in Cash Deposit Account (Note 19).

## 24. DEFERRED TAX ASSETS/LIABILITIES

	Group	
	2015 RM'000	2014 RM'000
At 1 January	6,883	(1,158)
Recognised in statements of profit or loss (Note 9)	(6,828)	8,041
At 31 December	55	6,883
<b>Presented after appropriate offsetting as follows:</b>		
Deferred tax assets (a)	3,894	9,413
Deferred tax liabilities (b)	(3,839)	(2,530)
	55	6,883

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

### (a) Deferred tax assets

	Others RM'000
<b>At 1 January 2015</b>	9,413
Recognised in statements of profit or loss	(5,519)
<b>At 31 December 2015</b>	3,894
<b>At 1 January 2014</b>	1,351
Recognised in statements of profit or loss	8,062
<b>At 31 December 2014</b>	9,413

# Notes To The Financial Statements (cont'd)

31 December 2015

## 24. DEFERRED TAX ASSETS/LIABILITIES (cont'd)

### (b) Deferred tax liabilities

	Property, plant and equipment and fair value changes on investment RM'000	Receivables RM'000	Total RM'000
<b>At 1 January 2015</b>	(2,466)	(64)	(2,530)
Recognised in statements of profit or loss	(1,402)	93	(1,309)
<b>At 31 December 2015</b>	(3,868)	29	(3,839)
<b>At 1 January 2014</b>	(2,469)	(40)	(2,509)
Recognised in statements of profit or loss	3	(24)	(21)
<b>At 31 December 2014</b>	(2,466)	(64)	(2,530)

## 25. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand except for an amount owing to a subsidiary of RM16,000,000 (2014: RM16,000,000) which bears interest at 3.40% (2014: 3.20% to 3.40%).

## 26. PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>				
Trade payables	111,746	132,622	-	-
Other payables and accruals	45,610	44,469	465	936
Provisions	7,401	7,795	422	477
Provision for retirement benefits (a)	1,085	1,085	-	-
<b>Total trade and other payables</b>	<b>165,842</b>	<b>185,971</b>	<b>887</b>	<b>1,413</b>
Add: Loans and borrowings (Note 23)	993,130	990,905	-	-
Less: Provisions	(8,486)	(8,880)	(422)	(477)
<b>Total financial liabilities carried at amortised cost</b>	<b>1,150,486</b>	<b>1,167,996</b>	<b>465</b>	<b>936</b>

Other payables are non-interest bearing, unsecured and repayable on demand.



# Notes To The Financial Statements (cont'd)

31 December 2015

## 26. PAYABLES (cont'd.)

- (a) In the previous financial year, the Group operated two funded, defined benefit schemes, Magnum Group Retirement Scheme ("MGRS") and Multi-Purpose Group Retirement Scheme ("MPGRS") for its eligible employees. Contributions to the MGRS and MPGRS were made to two separately administered funds. Under the MGRS and MPGRS, eligible employees were entitled to retirement benefits varying between 50% to 100% and 25% to 100% respectively of final monthly salary for each year of service on attainment of a minimum of 10 years of service or 7 years of service respectively.

MGRS and MPGRS have been terminated by their principal companies, Magnum Corporation Sdn. Bhd. and Magnum Berhad with effect from 30 September 2014 and 31 December 2014 respectively. There is no further contribution to MGRS and MPGRS funds by the Group from the date of termination. As at 31 December 2015, the dissolution has not been finalised.

Movements in the net liability in the current year were as follows:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	1,085	1,207
Recognised in statements of profit or loss	-	683
Contributions paid	-	(805)
At 31 December	1,085	1,085

## 27. OPERATING LEASE ARRANGEMENTS

### The Group as lessee

The Group entered into operating lease agreements for the use of certain office premises. These non-cancellable leases have an average life of between 1 to 5 years with certain contracts carrying renewal options in the contracts.

The future aggregate minimum lease payments under operating leases contracted for as at the reporting date but not recognised as liabilities, are as follows:

	2015 RM'000	2014 RM'000
Future minimum rental payments:		
Not later than 1 year	1,053	716
Later than 1 year and not later than 5 years	526	1,075
	1,579	1,791

# Notes To The Financial Statements (cont'd)

31 December 2015

## 28. CAPITAL COMMITMENTS

	Group 2015 RM'000	2014 RM'000
Approved and contracted for:		
Computer hardware and software	796	9,173

## 29. SIGNIFICANT RELATED PARTY DISCLOSURES

### (a) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>With subsidiaries:</u>				
Investment income in respect of dividends	-	-	(323,794)	(336,257)
Interest expense payable on loans	-	-	544	1,705
<u>With other related parties:</u>				
Insurance premium payable	1,792	1,974	157	184
Management fees payable	865	856	95	25
Professional fees payable	1,139	1,654	1,090	1,491

(i) The above transactions are entered into in the normal course of business based on negotiated and mutually agreed terms.

(ii) Related parties refer to the following:

- Metra Management Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial interest.
- Wejay Consult Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial interest.
- Monhan Holdings Sdn. Bhd., incorporated in Malaysia, which is a company related to the son of a Director who has a substantial interest.
- MPI Generali Insurans Berhad (formerly known as Multi-Purpose Insurans Berhad), incorporated in Malaysia, which is a company in which a Director has a substantial interest.
- MPH Capital Berhad, incorporated in Malaysia, which is a company in which a Director has a substantial interest.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 29. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

### (b) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The remuneration and compensation of Directors and other members of key management during the year were as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	5,966	6,193	274	368
Post-employment benefits:				
- Defined contribution plan	605	656	-	-
- Other long-term benefits	532	391	-	-
	7,103	7,240	274	368

Included in the total compensation of key management personnel are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration (Note 8(a))	2,026	2,799	255	338

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign exchange risk, liquidity risk, credit risk and market price risk.

The Group's and Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity, credit and market price risks. The Group operates within clearly defined guidelines that are approved by the Board.

It is, and has been throughout the current and previous financial year, the Group's policy not to engage in speculative transactions. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (a) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts and the Group's and the Company's investments in marketable securities and other interest-bearing financial instruments. The investments in financial assets are mainly short term in nature and have been placed in fixed deposits or in short term commercial papers or invested in marketable securities which yield better returns than cash at bank.

The Group manages its interest rate exposure by actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets.

#### Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the profit net of tax.

	2015		2014	
	Increase/ decrease in basis points	Effect on profit net of tax RM'000	Increase/ decrease in basis points	Effect on profit net of tax RM'000
Group	+25	(1,633)	+25	(1,418)
	-25	1,633	-25	1,418
Company	+25	16	+25	14
	-25	(16)	-25	(14)

### (b) Foreign exchange risk

The Group is exposed to transactional currency risk that is denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Philippine Peso, United States Dollar, Japanese Yen and Pound Sterling.

The net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows:

Group	Deposit, cash and bank balances RM'000
<b>At 31 December 2015</b>	
Philippine Peso	6,485
United States Dollar	18
Japanese Yen	9
Pound Sterling	20

# Notes To The Financial Statements (cont'd)

31 December 2015

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (b) Foreign exchange risk (cont'd)

Group	Deposit, cash and bank balances RM'000
<b>At 31 December 2014</b>	
Philippine Peso	5,494
United States Dollar	16
Pound Sterling	121

The Group does not have any significant exposure to the fluctuations in foreign exchange rates.

### (c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations. The Group maintains sufficient levels of cash to fund the Group's operations.

The Group's liquidity risk management policy is that not more than 25% (2014: 20%) of loans and borrowings (including overdrafts) should mature in the next one year period and to maintain sufficient liquid financial assets. At the reporting date, 5% of the borrowings (2014: 4.3%) of the Group (Note 23) will mature in less than one year at the reporting date.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to two years RM'000	Two to three years RM'000	Three to four years RM'000	More than four years RM'000	Total RM'000
<b>Financial liabilities: 2015</b>						
<b>Group</b>						
Trade and other payables	157,356	-	-	-	-	157,356
Loans and borrowings	99,350	271,965	261,323	250,487	286,085	1,169,210
<b>Total undiscounted financial liabilities</b>	<b>256,706</b>	<b>271,965</b>	<b>261,323</b>	<b>250,487</b>	<b>286,085</b>	<b>1,326,566</b>
<b>Company</b>						
Payables, representing total undiscounted financial liabilities	465	-	-	-	-	465

# Notes To The Financial Statements (cont'd)

31 December 2015

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (c) Liquidity risk (cont'd)

#### Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd)

	On demand or within one year RM'000	One to two years RM'000	Two to three years RM'000	Three to four years RM'000	More than four years RM'000	Total RM'000
<b>Financial liabilities:</b>						
<b>2014</b>						
<b>Group</b>						
Trade and other payables	177,091	-	-	-	-	177,091
Loans and borrowings	97,989	95,901	266,041	255,326	477,361	1,192,618
<b>Total undiscounted financial liabilities</b>	<b>275,080</b>	<b>95,901</b>	<b>266,041</b>	<b>255,326</b>	<b>477,361</b>	<b>1,369,709</b>
<b>Company</b>						
Payables, representing total undiscounted financial liabilities	936	-	-	-	-	936

### (d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risks are mainly associated with the cash deposits placed with financial institutions and the risk of selling agents defaulting. The management minimise the risk by placing the cash deposits with financial institution with good credit rating. The risks relating to the selling agents are minimised by obtaining security deposits from agents as well as applying strict credit approval, monitoring and enforcement policies.

The Group and the Company do not have any significant exposure to any individual agent nor does it have any major concentration of credit risk related to any financial instruments, other than as disclosed in Note 18.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia, whereas the quoted equity instruments outside Malaysia are listed on Philippine Stock Exchange in Philippines and the quoted debt instruments relate to Malaysian Government Bonds. These instruments are classified as held for trading or available-for-sale financial investments. The Group does not have exposure to commodity price risk.

As at 31 December 2015, the Group does not have significant market price exposure.

## 31. FAIR VALUES

### (a) Financial Instruments

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

#### (i) Deposits, cash and bank balances, receivables, payables and borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

#### (ii) Quoted investments

The fair value of quoted investments is determined by reference to stock exchange quoted market bid prices at the close of the business on the reporting date.

#### (iii) Malaysian Government Securities

The Malaysian Government Securities Indicative Price is listed on Bank Negara Malaysia website.

#### (iv) Unit trusts and corporate bonds

The fair values are based on the indicative prices at the reporting date.

#### (v) Unquoted investments

The unquoted investments are not carried at fair value due to the lack of quoted market price and the impracticality to estimate the fair value without incurring excessive cost.

#### (vi) Amount due from/to subsidiary companies

The Company does not anticipate the carrying amounts recorded at the reporting date that would eventually be received or settled to be significantly different from the fair values as the amounts are repayable on demand.



# Notes To The Financial Statements (cont'd)

31 December 2015

## 31. FAIR VALUES (cont'd)

### (b) Fair value measurement

The fair values of all the financial assets for which fair values are disclosed are categorised as below under the fair value hierarchy as described in Note 2.26.

The following table provides the fair value measurement hierarchy of the Group's assets:

#### Quantitative disclosures for fair value measurement hierarchy for assets as at 31 December 2015:

Group

At 31 December 2015	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Non-current assets</b>					
Investment properties	31 December 2015	658	-	-	658
Available-for-sale investments:					
Unquoted equity shares	31 December 2015	243,005	-	-	243,005
Investment Management Funds	31 December 2015	3,809	-	-	3,809
Malaysian Government Securities	31 December 2015	13,273	13,273	-	-
<b>Current asset</b>					
Financial assets at fair-value-through-profit or loss:					
Investment securities	31 December 2015	90,752	90,752	-	-

# Notes To The Financial Statements (cont'd)

31 December 2015

## 31. FAIR VALUES (cont'd)

### (b) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Group's assets: (cont'd)

#### Quantitative disclosures for fair value measurement hierarchy for assets as at 31 December 2014:

Group

At 31 December 2014	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Non-current assets</b>					
Investment properties	31 December 2014	658	-	-	658
Available-for-sale investments:					
Unquoted equity shares	31 December 2014	231,619	-	-	231,619
Investment Management Funds	31 December 2014	2,164	-	-	2,164
Malaysian Government Securities	31 December 2014	13,117	13,117	-	-
<b>Current asset</b>					
Financial assets at fair-value-through-profit or loss:					
Investment securities	31 December 2014	67,745	67,745	-	-

There has been no transfer between Level 1, Level 2 and Level 3 for the financial year under review.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 31. FAIR VALUES (cont'd)

### (b) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Company's assets:

#### Quantitative disclosures for fair value measurement hierarchy for assets as at 31 December 2015:

Company

At 31 December 2015	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Non-current assets</b>					
Available-for-sale investments:					
Unquoted equity shares	31 December 2015	243,005	-	-	243,005
Investment Management Funds	31 December 2015	3,809	-	-	3,809
<b>Current asset</b>					
Financial assets at fair-value-through-profit or loss:					
Investment securities	31 December 2015	46,033	46,033	-	-

# Notes To The Financial Statements (cont'd)

31 December 2015

## 31. FAIR VALUES (cont'd)

### (b) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Company's assets: (cont'd)

#### Quantitative disclosures for fair value measurement hierarchy for assets as at 31 December 2014:

##### Company

At 31 December 2014	Date of valuation	2014 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Non-current assets</b>					
Available-for-sale investments:					
Unquoted equity shares	31 December 2014	231,619	-	-	231,619
Investment Management Funds	31 December 2014	2,164	-	-	2,164
<b>Current asset</b>					
Financial assets at fair-value-through-profit or loss:					
Investment securities	31 December 2014	53,666	53,666	-	-

There has been no transfer between Level 1, Level 2 and Level 3 for the financial year under review.

## 32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group and the Company manages its capital structure and make adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group and the Company monitors capital using a gearing ratio, which is the net debt divided by equity attributable to owners of the Company. The Group and the Company includes within its net debt, borrowings, payables, less cash and bank balances and short term deposits.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 32. CAPITAL MANAGEMENT (cont'd)

The gearing ratio as at 31 December 2015 and 31 December 2014 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Payables	165,842	185,971	465	1,413
Borrowings	993,130	990,905	-	-
Less:				
Deposits, cash and bank balances	(361,156)	(462,110)	(6,696)	(7,016)
Net debt	797,816	714,766	(6,231)	(5,603)
Equity attributable to owners of the Company	2,417,803	2,443,375	3,552,732	3,485,330
Gearing ratio	33%	29%	N/A	N/A

N/A – The ratio is not meaningful for disclosure

## 33. SEGMENT INFORMATION

### (a) Business segment

The Group was organised into two major business segments:

- (i) Gaming
- (ii) Investment holding and others

Other business segments include information technology services and dormant companies.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business based on negotiated and mutually agreed terms.

# Notes To The Financial Statements (cont'd)

31 December 2015

## 33. SEGMENT INFORMATION (cont'd)

### (a) Business segment (cont'd)

31 December 2015	Gaming RM'000	Investment holdings and others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>				
External	2,766,498	512	-	2,767,010
Inter-segment	-	561,821	(561,821)	-
Total revenue	2,766,498	562,333	(561,821)	2,767,010
<b>Results</b>				
Segment results	386,685	503,460	(505,091)	385,054
Finance costs				(51,399)
Segment profit before tax				333,655
Income tax expense				(101,717)
Segment profit				231,938
<b>Assets and liabilities</b>				
Segment assets	3,324,781	6,736,418	(6,518,711)	3,542,488
Unallocated corporate assets				79,673
Total assets				3,622,161
Segment liabilities	1,154,052	3,197,360	(3,192,440)	1,158,972
Unallocated corporate liabilities				4,953
Total liabilities				1,163,925
<b>Other information</b>				
Capital expenditure	21,625	171	-	21,796
Depreciation	6,098	318	-	6,416
Amortisation	15	-	-	15
Fair value change in relation to financial instrument	-	2,462	-	2,462
Non-cash expenses other than depreciation, amortisation and impairment losses	4,344	13	-	4,357

# Notes To The Financial Statements (cont'd)

31 December 2015

## 33. SEGMENT INFORMATION (cont'd)

### (a) Business segment (cont'd)

31 December 2014	Gaming RM'000	Investment holdings and others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>				
External	2,885,390	1,151	-	2,886,541
Inter-segment	-	672,514	(672,514)	-
Total revenue	2,885,390	673,665	(672,514)	2,886,541
<b>Results</b>				
Segment results	421,110	526,766	(522,398)	425,478
Finance costs				(51,768)
Segment profit before tax				373,710
Income tax expense				(112,759)
Segment profit				260,951
<b>Assets and liabilities</b>				
Segment assets	3,346,376	5,001,772	(4,752,709)	3,595,439
Unallocated corporate assets				67,704
Total assets				3,663,143
Segment liabilities	1,170,270	3,091,882	(3,085,276)	1,176,876
Unallocated corporate liabilities				5,126
Total liabilities				1,182,002
<b>Other information</b>				
Capital expenditure	13,322	18	-	13,340
Depreciation	8,059	430	-	8,489
Amortisation	15	-	-	15
Fair value change in relation to financial instrument	-	(3,773)	-	(3,773)
Non-cash expenses other than depreciation, amortisation and impairment losses	592	99	-	691



# Notes To The Financial Statements (cont'd)

31 December 2015

## 33. SEGMENT INFORMATION (cont'd)

Inter-segment revenue are eliminated upon consolidation and reflected in the 'eliminations' column. All other adjustments and eliminations are part of detail reconciliation presented below:

Notes: Nature of adjustments and eliminations to arrive at the amounts reported in the consolidated financial statements

- A. Inter-segment revenues are eliminated on consolidation
- B. Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements

	Group	
	2015 RM'000	2014 RM'000
Provision for retirement benefit	-	683
Property, plant and equipment written off	3,173	8
Foreign exchange loss	1,171	-
Bad debts written off	13	-
	4,357	691

- C. Capital expenditure consists of:

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment	21,796	13,340

# Notes To The Financial Statements (cont'd)

31 December 2015

## 34. SUBSIDIARIES

Name of subsidiary company	Country of incorporation	Principal activities	% of ownership interest held by the Group#		% of ownership interest held by non-controlling interests#	
			2015	2014	2015	2014
Direct subsidiaries of the Company						
Magnum Holdings Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Multi-Purpose International Ltd.	Malaysia	Investment holding	100.00	100.00	-	-
Dynamic Pearl Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Leisure Management (Hong Kong) Limited <sup>(1)</sup>	Hong Kong	Investment holding and trading operations	100.00	100.00	-	-
Marinco Holdings Sdn. Bhd.	Malaysia	Property investment	100.00	100.00	-	-
MP Property Management Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
MPIB Nominees (Tempatan) Sdn. Bhd. <sup>(2)</sup>	Malaysia	Dormant	100.00	100.00	-	-
Subsidiary of Magnum Holdings Sdn. Bhd.						
Magnum Corporation Sdn. Bhd.	Malaysia	Investment holding and operation of four digit numbers forecast betting game	100.00	100.00	-	-
Subsidiaries of Magnum Corporation Sdn. Bhd.						
Magnum 4D Berhad	Malaysia	Investment holding and management services	99.45	99.45	0.55	0.55
ENE (Sabah) Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
Tiara Vega Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-

# Notes To The Financial Statements (cont'd)

31 December 2015

## 34. SUBSIDIARIES (cont'd)

Name of subsidiary company	Country of incorporation	Principal activities	% of ownership interest held by the Group#		% of ownership interest held by non-controlling interests#	
			2015	2014	2015	2014
Subsidiaries of Magnum 4D Berhad						
ENE (Selangor) Sdn. Bhd.	Malaysia	Forecast betting	92.29	92.29	7.71	7.71
ENE (Perak) Sdn. Bhd.	Malaysia	Forecast betting	96.96	96.96	3.04	3.04
ENE (Penang) Sdn. Bhd.	Malaysia	Forecast betting	96.48	96.48	3.52	3.52
ENE (Negeri Sembilan) Sdn. Bhd.	Malaysia	Forecast betting	91.26	91.26	8.74	8.74
ENE (Melaka) Sdn. Bhd.	Malaysia	Forecast betting	90.08	90.08	9.92	9.92
M4D (Johor) Sdn. Bhd.	Malaysia	Forecast betting	85.67	85.67	14.33	14.33
ENE (East Coast) Sdn. Bhd.	Malaysia	Forecast betting	90.08	89.94	9.92	10.06
ENE (East Malaysia) Sdn. Bhd.	Malaysia	Forecast betting	99.72	99.72	0.28	0.28
Longterm Profit Sdn. Bhd.	Malaysia	Investment holding and four digit agency management	100.00	100.00	-	-
Magnum Information Technology Sdn. Bhd.	Malaysia	Providing information technology services	60.00	60.00	-*	-*
Choicevest Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
* The remaining 40% is interest held through Magnum Corporation Sdn. Bhd.						
Subsidiary of Magnum Information Technology Sdn. Bhd.						
Secure Tangent Sdn. Bhd.	Malaysia	Providing information technology security consulting services	100.00	100.00	-	-
Subsidiary of Dynamic Pearl Sdn. Bhd.						
MP Solutions Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-

(1) Audited by firms of auditors other than Ernst & Young.

(2) The application for strike-off of the Company has been rejected by Companies Commission of Malaysia on 29 October 2015.

# Equals to the proportion of voting rights held

# Notes To The Financial Statements (cont'd)

31 December 2015

## 34. SUBSIDIARIES (cont'd)

Financial information of a subsidiary that has material non-controlling interests are provided below:

### (i) Summarised statement of financial position

	<b>ENE (Selangor) Sdn. Bhd.</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Non current assets	159,565	152,850
Current assets	109,148	114,867
<b>Total assets</b>	<b>268,713</b>	<b>267,717</b>
Non current liabilities	890	65
Current liabilities	19,231	36,171
<b>Total liabilities</b>	<b>20,121</b>	<b>36,236</b>
<b>Net assets</b>	<b>248,592</b>	<b>231,481</b>
Equity attributable to owners of the Company	229,429	213,634
Non controlling interest	19,163	17,847

### (ii) Summarised statement of profit or loss:

	<b>ENE (Selangor) Sdn. Bhd.</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	303,398	909,037
<b>Profit for the year</b>	<b>34,500</b>	<b>30,887</b>
Profit attributable to owners of the Company	31,840	28,506
Profit attributable to non-controlling interests	2,660	2,381
<b>Total comprehensive income</b>	<b>34,500</b>	<b>30,887</b>
Transactions with non-controlling interests:		
Dividend paid	1,341	1,219

# Notes To The Financial Statements (cont'd)

31 December 2015

## 34. SUBSIDIARIES (cont'd)

Financial information of a subsidiary that has material non-controlling interests are provided below (cont'd.):

(iii) Summarised statement of cash flows:

	ENE (Selangor) Sdn. Bhd.	
	2015	2014
	RM'000	RM'000
Net cash used in operating activities	(11,058)	(22,400)
Net cash (used in)/generated from investing activities	(6,817)	72,263
Net (decrease)/increase in cash and cash equivalent	(17,875)	49,863
Cash and cash equivalents at the beginning of the year	97,334	47,471
Cash and cash equivalents at the end of the year	79,459	97,334

## 35. Supplementary information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2015 into realised and unrealised profits is presented below in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained profits				
- realised	2,879,605	2,816,273	1,406,268	1,333,770
- unrealised	22,029	29,673	21,017	22,791
Less: Consolidation adjustments	(1,933,819)	(1,855,755)	-	-
Retained profits as per financial statements	967,815	990,191	1,427,285	1,356,561

# TOP 10 LIST OF PROPERTIES OWNED BY MAGNUM BERHAD GROUP

AS AT 31 DECEMBER 2015

LOCATION	TENURE	RESIDUAL LEASE (YEARS)	EXPIRY DATE	APPROX AREA	DESCRIPTION	AGE OF BUILDING (YEARS)	NBV (RM'000)	LAST REVALUATION DATE/ ACQUISITION DATE
<b>SELANGOR</b>								
BL000829, Bukit Beruntung, PT 2994, HS(D) 8075, Mukim Serendah, District of Ulu Selangor	Freehold	-	-	6,346.76 sq.m.	Bungalow Lot	-	843	30.11.1992
8D-A Impiana on the Water Front, No. 1 Tasek Ampang, Jalan Hulu Kelang, 68000 Ampang	Leasehold	76	2091	195sq. m.	Condominium Unit	19	839	5.1.2015
<b>FEDERAL TERRITORY OF KUALA LUMPUR</b>								
Wisma Magnum, 111, Jalan Pudu, Lot 114, Seksyen 56, Geran 35279	Freehold	-	-	795.44 sq.m.	Commercial 5 1/2 - Storey Office Building	73	1,772	10.12.1980
17 & 19, Jalan Maharajalela, 50150 Kuala Lumpur	Freehold	-	-	248.95 sq. m.	Commercial 4 - Storey Shophouse	37	3,055	15.11.1972
<b>PERAK</b>								
No. 1 & 1A, Hala Datuk 5, Jalan Datoh, 30000 Ipoh	Freehold	-	-	3,692 sq.ft.	Commercial Double Storey Corner Shopoffice	8	2,343	15.10.2014
<b>PENANG</b>								
Lot PT 18, HS(D) 6800, Bandar Bukit Bendera, Daerah Timor Laut, Mukim 12, District of Barat Daya	Leasehold	40	2055	3,921.40 sq.m.	Residential Double Storey Bungalow	-	3,328	31.12.2002
294 & 296, Vantage Point, Jalan Jelutong, 11600 Penang	Freehold	-	-	6,846 sq. ft.	Commercial 3-Storey Shophouse	12	5,122	20.11.2014
<b>NEGERI SEMBILAN</b>								
14, Jalan Era Square 2, Era Square, 70200 Seremban	Freehold	-	-	1,541 sq. ft.	Commercial 3 - Storey Shophouse	11	1,318	31.3.2013
<b>JOHOR</b>								
84, Jalan Sutera Tanjung 8/3, Taman Sutera Utama, 81300 Skudai	Freehold	-	-	2,835 sq ft.	Commercial 3 - Storey Shophouse	9	1,258	30.08.2007
<b>UNITED KINGDOM</b>								
Whaddon House, William Mews, London SW1X9HG	Leasehold	89	2104	1,144 sq. ft.	Residential Apartment	35	7,961	22.11.2010

# ANALYSIS OF EQUITY SECURITIES

AS AT 1 APRIL 2016

Class of Security	: Ordinary Shares of RM1.00 each
Authorised Share Capital	: RM10,000,000,000
Total Issued and Paid-Up Capital	: RM1,437,748,654
Voting rights	: One (1) vote per ordinary share

	No. of Holders	% of Holders	No. of Shares	% of Shares
<b>LARGEST SHAREHOLDERS</b>	30	0.09	962,695,341	66.96

## SIZE OF HOLDINGS

Less than 100 shares	2,123	6.37	78,942	0.01
100 to 1,000 shares	5,839	17.51	3,585,790	0.25
1,001 to 10,000 shares	20,060	60.16	75,657,949	5.26
10,001 to 100,000 shares	4,778	14.33	129,439,881	9.00
100,001 to less than 5% of issued shares	540	1.62	664,326,541	46.21
5% and above of issued shares	3	0.01	564,659,551	39.27
<b>TOTAL</b>	<b>33,343</b>	<b>100.00</b>	<b>1,437,748,654</b>	<b>100.00</b>

## THIRTY (30) MAJOR SHAREHOLDERS AS SHOWN IN THE RECORD OF DEPOSITORS AS AT 1 APRIL 2016

Name	Shareholdings	%
1. CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: Pledged securities account for Casi Management Sdn Bhd (49156 JTRK)	304,659,551	21.19
2. Asia 4D Holdings Limited	160,000,000	11.13
3. Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged securities account for Casi Management Sdn Bhd (30-00097-000)	100,000,000	6.96
4. Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged securities account for MWE Holdings Berhad (30-00098-000)	39,500,000	2.75
5. Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An for AIA Bhd	36,165,400	2.52
6. Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	29,709,700	2.07
7. HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt An for Coutts & Co Ltd (Sg Branch)	28,397,960	1.98
8. Shamara Finance Limited	28,271,266	1.97



# Analysis Of Equity Securities (cont'd)

AS AT 1 APRIL 2016

## THIRTY (30) MAJOR SHAREHOLDERS AS SHOWN IN THE RECORD OF DEPOSITORS AS AT 1 APRIL 2016 (cont'd)

Name	Shareholdings	%
9. EB Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged securities account for MWE Holdings Berhad (KLM)	26,528,810	1.84
10. Allamanda Growth Limited	17,600,000	1.22
11. Shan Hijauan Sdn Bhd	17,581,290	1.22
12. Magnum Berhad Qualifier: Share Buy Back Account	14,733,331	1.02
13. Asmara Land Sdn Bhd	13,437,200	0.93
14. MPI Generali Insurans Berhad	12,952,100	0.90
15. Zane Land Sdn Bhd	12,500,000	0.87
16. UOB Kay Hian Nominees (Asing) Sdn Bhd Qualifier: Pledged securities account for Mr Sakarin Uppatthangkul	11,906,000	0.83
17. UOB Kay Hian Nominees (Asing) Sdn Bhd Qualifier: Pledged securities account for Citibase Limited	11,770,400	0.82
18. Citigroup Nominees (Asing) Sdn Bhd Qualifier: Exempt An for UBS AG Singapore (Foreign)	10,019,749	0.70
19. Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 3)	9,200,000	0.64
20. HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt An for Credit Suisse (SG BR-TST-ASING)	8,906,300	0.62
21. Hong Leong Assurance Berhad Qualifier: As Beneficial Owner (Life Par)	8,527,500	0.59
22. HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt An for The Bank of New York Mellon (Mellon Acct)	7,781,300	0.54
23. UOB Kay Hian Nominees (Asing) Sdn Bhd Qualifier: Pledged securities account for Mrs Suthera Uppaputthangkul	7,497,153	0.52
24. HSBC Nominees (Asing) Sdn Bhd Qualifier: Exempt An for JPMorgan Chase Bank, National Association (U.S.A)	7,388,751	0.51
25. Panorama Alfa Sdn Bhd	7,000,000	0.49
26. Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (LSF)	6,600,000	0.46

# Analysis Of Equity Securities (cont'd)

AS AT 1 APRIL 2016

## THIRTY (30) MAJOR SHAREHOLDERS AS SHOWN IN THE RECORD OF DEPOSITORS AS AT 1 APRIL 2016 (cont'd)

Name	Shareholdings	%
27. T C Holdings Sendirian Berhad	6,600,000	0.46
28. Cartaban Nominees (Asing) Sdn Bhd Qualifier: Exempt An for RBC Investor Services Trust (Clients Account)	6,101,470	0.42
29. Tanah Subor Sdn Bhd	5,860,110	0.41
30. Khan Asset Management Sdn Bhd	5,500,000	0.38
<b>TOTAL</b>	<b>962,695,341</b>	<b>66.96</b>

## SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 1 APRIL 2016

Name	Direct Interest		Indirect / Deemed Interest	
	No. of shares	%	No. of shares	%
Casi Management Sdn Bhd	404,659,551	28.437	819,100 <sup>(a)</sup>	0.057
Hanton Capital Limited	–	–	405,478,651 <sup>(b)</sup>	28.494
Cedar Holdings Limited	–	–	405,478,651 <sup>(c)</sup>	28.494
Kularb Kaew Company Limited	–	–	405,478,651 <sup>(c)</sup>	28.494
Cypress Holdings Limited	–	–	405,478,651 <sup>(d)</sup>	28.494
Tan Sri Dato' Surin Upatkoorn	–	–	471,803,461 <sup>(e)</sup>	33.155
Asia 4D Holdings Limited	160,000,000	11.244	–	–
CVC Capital Partners Asia Pacific III L.P.	–	–	160,000,000 <sup>(f)</sup>	11.244

### Notes:-

- (a) Deemed interest by virtue of its shareholdings in MPHB Capital Berhad pursuant to Section 6A of the Companies Act, 1965 ("the Act").
- (b) Deemed interest by virtue of its shareholdings in Casi Management Sdn Bhd pursuant to Section 6A of the Act.
- (c) Deemed interest by virtue of its shareholdings in Hanton Capital Limited pursuant to Section 6A of the Act.
- (d) Deemed interest by virtue of its shareholdings in Cedar Holdings Limited and Kularb Kaew Company Limited pursuant to Section 6A of the Act.
- (e) Deemed interest by virtue of his shareholdings in Cypress Holdings Limited and Pinjaya Sdn Bhd pursuant to Section 6A of the Act; and indirect interest held through his daughter pursuant to Section 134(12)(c) of the Act.
- (f) Deemed interest by virtue of its shareholdings in Asia 4D Holdings Limited pursuant to Section 6A of the Act.

# Analysis Of Equity Securities (cont'd)

AS AT 1 APRIL 2016

DIRECTORS' INTEREST AS SHOWN IN THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 1 APRIL 2016

## (A) Interest In Securities In Magnum Berhad ("Magnum")

Name	Direct Interest		Indirect / Deemed Interest	
	No. of shares	%	No. of shares	%
Tan Sri Dato' Surin Upatkoon	–	–	471,803,461 <sup>(a)</sup>	33.155
Dato' Lawrence Lim Swee Lin	8,183,826	0.575	–	–
Datuk Vijeyaratnam a/I V. Thamotheeram Pillay	1,406,070	0.099	60,000 <sup>(b)</sup>	0.004
Dato' Wong Puan Wah	61,000	0.004	–	–
Sigit Prasetya	–	–	–	–
Dr David Charles Ian Harding	2,019,964	0.147	–	–

### Notes:-

(a) Deemed interest by virtue of Section 6A of the Act through his shareholdings in Cypress Holdings Limited and Pinjaya Sdn Bhd; and indirect interest held through his daughter pursuant to Section 134(12)(c) of the Act.

(b) Deemed interest by virtue of his indirect interest held through his spouse pursuant to Section 134(12)(c) of the Act.

## (B) Interest In Securities In Related Corporations

Tan Sri Dato' Surin Upatkoon, by virtue of his interest in the equity securities of Magnum, is also deemed to have interest in the securities of the subsidiaries of Magnum to the extent of Magnum's interest in these subsidiaries.

Save as disclosed above, none of the Directors of Magnum had any interest in the securities of the subsidiaries of Magnum as at 1 April 2016.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting (“40th AGM”) of Magnum Berhad (“Company” or “Magnum”) will be held at the Grand Ballroom, First Floor, Flamingo hotel by the lake, No. 5 Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Wednesday, 8 June 2016 at 10.30 a.m. for the transaction of the following business:-

## AGENDA

### AS ORDINARY BUSINESS

1. To consider and receive the Report of the Directors and the Audited Financial Statements for the year ended 31 December 2015 together with the Report of the Auditors thereon. **(Please refer to Note A)**
2. To approve the payment of Directors’ fees of RM240,000 in respect of the year ended 31 December 2015. (Year 2014: RM320,000) **(Resolution 1)**
3. To re-elect the following Directors who are retiring by rotation in accordance with Article 81 of the Articles of Association of the Company:-
  - (a) Dato’ Wong Puan Wah **(Resolution 2)**
  - (b) Dato’ Lawrence Lim Swee Lin **(Resolution 3)**
4. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Board of Directors to fix their remuneration. **(Resolution 4)**

### AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following Ordinary Resolutions:-

#### ORDINARY RESOLUTION 1

- PROPOSED RETENTION OF DATO’ WONG PUAN WAH AS INDEPENDENT DIRECTOR **(Resolution 5)**

“THAT, subject to the passing of Resolution 2, Dato’ Wong Puan Wah be retained as an Independent Non-Executive Director of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.”

#### ORDINARY RESOLUTION 2

- PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **(Resolution 6)**

“THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue new shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the new shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

# Notice Of Annual General Meeting

(cont'd)

## ORDINARY RESOLUTION 3

- PROPOSED RENEWAL OF THE AUTHORITY FOR MAGNUM TO PURCHASE ITS OWN SHARES OF AN AMOUNT, WHICH, WHEN AGGREGATED WITH EXISTING TREASURY SHARES, DOES NOT EXCEED 10% OF ITS PREVAILING ISSUED AND PAID-UP SHARE CAPITAL AT ANY TIME (“PROPOSED SHARE BUY-BACK RENEWAL”) (Resolution 7)

“THAT, subject always to the Companies Act, 1965, the Company’s Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant governmental and/or regulatory authority, approval be and is hereby given for the renewal of the authority granted by the shareholders of the Company at the Thirty-Ninth Annual General Meeting of the Company held on 29 May 2015, authorising the Company to purchase and/or hold as treasury shares from time to time and at any time such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company (“Proposed Share Buy-Back Renewal”) provided that:-

- (a) The maximum number of shares which may be purchased and/or held as treasury shares by the Company at any point of time pursuant to the Proposed Share Buy-Back Renewal shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company (including the shares previously purchased and held as treasury shares) provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the open market of the Bursa Securities or distribution of treasury shares to shareholders as dividend, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall, in aggregate with the shares then still held by the Company, not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on the Bursa Securities;
- (b) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back Renewal shall not exceed the sum of retained profits and/or share premium account of the Company. As at 31 December 2015, the audited retained profits and share premium account of the Company amounted to approximately RM1,427.3 million and RM716.6 million respectively;

AND THAT authority is hereby given to the Directors to decide in their absolute discretion to deal in any of the following manners the shares in the Company purchased by the Company pursuant to the Proposed Share Buy-Back Renewal:-

- (i) to cancel the shares purchased; or
- (ii) to retain the shares purchased as treasury shares, to be either distributed as share dividends to the shareholders and/or re-sold on the open market of the Bursa Securities and/or subsequently cancelled; or
- (iii) a combination of (i) and (ii) above;

# Notice Of Annual General Meeting

(cont'd)

AND THAT such authority shall commence immediately upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting, whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to give effect to the Proposed Share Buy-Back Renewal.”

6. To transact any other business of which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

## BY ORDER OF THE BOARD

**LEONG KUAN YING (MAICSA 7041318)**

**NG SOOK YEE (MAICSA 7020643)**

Chartered Secretaries

Kuala Lumpur

29 April 2016

## NOTES:-

### Directors' Report, Audited Financial Statements and Auditors' Report

- A. This agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

## Proxy

1. A depositor whose name appears in the Record of Depositors on 30 May 2016 shall be regarded as a member entitled to attend, speak and vote at the meeting or to appoint proxy to attend, speak and vote on its behalf at the meeting.
2. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. A member, other than an authorised nominee or an exempt authorised nominee, shall be entitled to appoint not more than two proxies to attend and vote at the same meeting.
4. A member who is an authorised nominee may appoint one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which an exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
7. If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its attorney.

# Notice Of Annual General Meeting

(cont'd)

8. To be valid, the form of proxy duly completed and signed before a witness must be deposited at the registered office of the Company at 35th Floor, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time for holding the meeting. Fax copy of the duly executed form of proxy is not acceptable.

## Other Matters

9. Registration will start at 8.30 a.m. in Mewah Hall at Ground Floor, Flamingo hotel by the lake and will end at a time as directed by the Chairman of the meeting.
10. Light refreshments will only be served before the commencement of the 40th AGM.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### Resolution 5 – Retention of Dato' Wong Puan Wah as Independent Director

Dato' Wong Puan Wah was appointed to the Board as an Independent Non-Executive Director of the Company on 25 January 2007. As at the date of the notice of the 40th AGM, he had served the Company for more than nine (9) years. The Board through its Nomination Committee has assessed his independence and is confident of its findings that Dato' Wong not only meets the requisite criteria as an independent director, but has continually demonstrated, in the course of deliberations and decision making of the Board and Board Committees, such independence in expressing his views and carrying out his role as a member of the Board and its various Committees. Having served the Company for more than nine (9) years, he has proven to have a good understanding of the Company's businesses enabling him to provide independent views and judgment in the best interest of the Company. The Board is also mindful of Dato' Wong's vast experience gained from other fields of business and the best practices of which he is able to bring to the Board to enhance its oversight of management.

As a matter of continuity, the Board believes there are significant advantages to be gained from the long-serving Independent Directors who possess tremendous insight and knowledge of the Company's businesses and the Group's general affairs. Therefore, the Board recommends that Dato' Wong be retained as an Independent Non-Executive Director of the Company.

### Resolution 6 – Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution 6, if passed, will give the Directors of the Company, from the date of the 40th AGM, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This general mandate sought will provide flexibility to the Company of any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

### Resolution 7 – Renewal of the Authority for the Company to purchase its own shares

The proposed Resolution 7 is a renewal of the mandate for the Company to repurchase its own shares and if passed, will empower the Company to purchase and/or hold from time to time up to ten per centum (10%) of the issued and paid-up capital of the Company. This authority will, unless revoked or varied by the Company at a General Meeting, expire at the next Annual General Meeting.

The details of the Proposed Share Buy-Back Renewal are set out in the Share Buy-Back Statement dated 29 April 2016 which is dispatched together with the Company's 2015 Annual Report.



# STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No individual is seeking for new election as a Director at the 40th AGM of the Company.



# FORM OF PROXY

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

CDS ACCOUNT NUMBER

NO. OF SHARES

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I/We \_\_\_\_\_ Tel.No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

I.C. No. \_\_\_\_\_ (old) \_\_\_\_\_ (new)/ Co. No. \_\_\_\_\_

of \_\_\_\_\_  
(ADDRESS)

being a member/members of **MAGNUM BERHAD**, hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us on my/our behalf at the Fortieth Annual General Meeting of the Company to be held at the **Grand Ballroom, First Floor, Flamingo hotel by the lake, No. 5 Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Wednesday, 8 June 2016, at 10.30 a.m.** and any adjournment thereof.

My/Our proxy is to vote as indicated below:-

RESOLUTIONS		*FOR	*AGAINST
1.	To approve the payment of Directors' Fees of RM240,000 in respect of the year ended 31 December 2015		
2.	To re-elect Dato' Wong Puan Wah as Director of the Company		
3.	To re-elect Dato' Lawrence Lim Swee Lin as Director of the Company		
4.	To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Board of Directors to fix their remuneration		
5.	To retain Dato' Wong Puan Wah as Independent Director		
6.	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	To renew the authority for the Company to purchase its own shares		

\* Please indicate with an "X" in the space provided on how you wish your votes to be cast. If you do not do so, the Proxy shall be vote or abstain from voting at his/her discretion.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature(s) of Shareholder/Joint  
Shareholders

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness

## NOTES:-

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- A member who is an authorised nominee may appoint one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which an exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its attorney.
- To be valid the form of proxy duly completed and signed before a witness, must be deposited at the registered office of the Company at 35th Floor, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time for holding the meeting. Fax copy of the duly executed form of proxy is not acceptable.
- Please type or write clearly using BLOCK LETTERS. The Company reserves the right to reject any form of proxy that is illegible or incorrectly filled. Any alteration to the instrument appointing a proxy must be initialised.

## Notice

There will be no distribution of door gifts.

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STAMP

**THE COMPANY SECRETARIES**  
**MAGNUM BERHAD (24217-M)**  
35th Floor, Menara Multi-Purpose  
Capital Square, No. 8, Jalan Munshi Abdullah,  
50100 Kuala Lumpur

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有万能, 有惊喜, 有快乐

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