



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. Significant accounting policies (continued)

(v) Non-Current assets held for sale and discontinued operations

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

3. Significant accounting estimates and judgement

(a) Critical judgements made in applying accounting policies

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(b) Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 73 years. These are the common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of goodwill and trademarks

The Group determines whether goodwill and trademarks are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill or trademarks is allocated. Estimating a value-in-use amount requires management 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 the present value of those cash flows. As at 30 June 2016, the carrying amount of goodwill is RM58,206,000 (31.12.2014: RM58,206,000) and the carrying amount of trademarks is RM4,984,000 (31.12.2014: RM4,984,000).

(iii) Deferred tax assets

Deferred tax assets are recognised for all unutilised 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 extent 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.

(iv) Fair value of unquoted investments

Although the Group believes that its estimate of fair values to be appropriate, the use of different methodologies or assumptions could lead to different measurements of fair values.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Significant accounting estimates and judgement (continued)

(b) Key sources of estimation uncertainty (continued)

(v) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(vi) Impairment of Non-Financial Assets

When the recoverable amount of an assets is determined based on estimates of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vii) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(viii) Classification between Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation of both. Therefore, the Group consider whether a property generated cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under finance lease), the Group account for the portions separately, the property is an investment property only if an insignificant portion is held for use in the production of supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3. Significant accounting estimates and judgement (continued)

(b) Key sources of estimation uncertainty (continued)

(ix) Impairment of trade and other receivable

An impairment loss is recognised when there is objective evidence that a finance asset is impaired. Management specifically review its loans and receivables financial assets and analyses historical bad debts customer concentrations creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such differences will impact the carrying value of receivables.

(x) Classification of Leased Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(xi) Fair value estimates for certain financial assets and liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of change in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4. Revenue

	Group		Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Sale of goods	102,450	68,045	-	-
Interest income	5,241	2,750	3,597	2,717
Dividend income	12	5	11,510	-
Others	-	-	110	93
	<u>107,703</u>	<u>70,800</u>	<u>15,217</u>	<u>2,810</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. Profit before tax

	Group		Company	
	1.1.2015	1.1.2014	1.1.2015	1.1.2014
	to	to	to	to
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
<i>Profit before taxation is stated at after charging:-</i>				
Audit fees:				
- Holding company auditor	198	168	109	91
- Other auditors	227	151	-	-
Non-audit fees:				
- Holding company auditor	41	41	14	9
Depreciation of property, plant and equipment	2,747	1,981	1	1
Directors' remuneration receivable by: Directors of the Company:				
- fees	104	104	104	104
- other emoluments	97	69	97	69
- defined contribution plan	9	6	9	6
Finance costs:				
- overdraft	78	120	66	112
- revolving credits	154	435	154	435
- other loans	28	26	-	-
Impairment loss on investment	230	-	-	-
Impairment loss on amount owing by a related company	-	604	-	-
Impairment loss on receivables	-	453	-	-
Impairment loss on property, plant and equipment	-	316	-	-
Inventories written off	2,050	1,840	-	-
Property, plant and equipment written off	-	56	-	-
Rental of office premises	2,852	1,818	-	23
Rental of office equipment	58	36	-	3
Staff costs:				
- salaries, wages and other costs	23,290	14,610	-	-
- defined contribution plans	2,003	1,212	-	-
Write off of investment in subsidiaries	-	-	566,256	-

5. Profit before tax (continued)

	Group		Company	
	1.1.2015	1.1.2014	1.1.2015	1.1.2014
	to	to	to	to
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
<i>Profit before taxation is stated at after crediting:-</i>				
Bad debts recovery	35	-	-	-
Finance income				
- subsidiaries	-	-	346	599
- related companies	559	388	-	-
- others	5,241	2,750	3,251	2,118
Fair value gain on investment property	1,968	814	-	-
Gain on redemption of preference shares of an investment	6,752	-	-	-
Gross dividends from investments				
- quoted in overseas	12	5	-	-
- unquoted subsidiary in Malaysia	-	-	11,510	-
Foreign exchange gain				
- unrealised	5,691	1,015	6,537	963
- realised	1,433	797	-	-
Rental income	480	359	-	-
Reversal of impairment loss on receivables	733	109	-	-
Reversal of impairment loss on amount owing by subsidiaries	-	-	561,084	-
Reversal of impairment loss on investment in subsidiaries	-	-	5,032	-
Reversal of impairment loss on property, plant and equipment	-	903	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. Tax expense

Recognised in profit or loss

	Group		Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000 (Restated)	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Current tax				
- Malaysian	1,936	1,008	757	154
- Foreign	118	26	-	-
Deferred tax	184	170	-	-
	<u>2,238</u>	<u>1,204</u>	<u>757</u>	<u>154</u>
Under/(Over)provision in prior years				
- current tax	107	(302)	288	(297)
	<u>2,345</u>	<u>902</u>	<u>1,045</u>	<u>(143)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2014: 25%) of the estimated assessable profit of the financial period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Consequently deferred tax assets and liabilities are measured using these tax rates.

A reconciliation of income tax expenses applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company and of the Group is as follows:

	Group		Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000 (Restated)	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Profit before tax	<u>17,832</u>	<u>3,106</u>	<u>18,686</u>	<u>1,690</u>
Taxation at Malaysian statutory tax rate of 24% (31.12.2014: 25%)	4,280	776	4,485	423
Effect of different tax rates in other countries	(283)	(160)	-	-
Income not subject to tax	(3,668)	(712)	(4,331)	(241)
Tax exempt income	-	(3)	-	-
Non-deductible expenses	1,673	1,205	603	170
Movement of unrecognised deferred tax asset	446	98	-	(198)
Others	<u>(210)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,238</u>	<u>1,204</u>	<u>757</u>	<u>154</u>
Under/(Over)provision in prior years				
- taxation	107	(302)	288	(297)
Tax expense for the financial period/year	<u>2,345</u>	<u>902</u>	<u>1,045</u>	<u>(143)</u>

7. Earnings per share (Basic)

The calculation of basic earnings per ordinary share for the financial period/year was based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000 (Restated)
Profit for the period/year attributable to owners of the Company	<u>15,487</u>	<u>2,204</u>

Weighted average number of ordinary shares is computed as follows :-

	Group	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000 (Restated)
<i>Number of Ordinary Shares of 20 sen (31.12.2014: 50 sen) each</i>		
Issued ordinary shares at beginning of the financial period/year, net of treasury shares	<u>708,397</u>	<u>708,397</u>
Weighted average number of shares in issue during the financial period/year	<u>708,397</u>	<u>708,397</u>
Basic earnings per ordinary share <i>In sen</i>	<u>2.19</u>	<u>0.31</u>

The diluted earnings per share is equal to the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. Property, plant and equipment

Group Cost	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Tools and moulds, furniture, fittings and equipment RM'000	Total RM'000
At 1 January 2014	166	19,381	729	12,982	34,674	2,116	16,085	86,133
Additions	-	-	-	-	31	-	735	766
Written off	-	-	-	-	(816)	-	(957)	(1,773)
Effect of movement in exchange rates	(1)	(34)	(5)	151	68	3	21	203
At 31 December 2014/1 January 2015	165	19,347	724	13,133	33,957	2,119	15,884	85,329
Additions	-	-	-	796	131	230	741	1,898
Written off	-	-	-	-	-	-	(20)	(20)
Disposals	-	-	-	-	-	(49)	-	(49)
Effect of movement in exchange rates	(1)	3	6	559	(5)	17	168	747
At 30 June 2016	164	19,350	730	14,488	34,083	2,317	16,773	87,905

8. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Tools and moulds, furniture, fittings and equipment RM'000	Total RM'000
Depreciation and impairment loss								
At 1 January 2014	-	1,865	311	5,267	31,625	1,963	13,203	54,234
Accumulated depreciation	-	-	-	908	-	-	-	908
Accumulated impairment loss	-	-	-	-	-	-	-	-
Depreciation for the year	-	1,865	311	6,175	31,625	1,963	13,203	55,142
Impairment loss for the year	-	304	15	304	594	141	623	1,981
Reversal of impairment loss	-	-	-	-	-	-	316	316
Written off	-	-	-	(903)	-	-	-	(903)
Effect of movement in exchange rates	-	-	-	-	(784)	-	(933)	(1,717)
At 31 December 2014/1 January 2015	-	(33)	(6)	51	82	1	46	141
Accumulated depreciation	-	2,136	320	5,627	31,517	2,105	12,939	54,644
Accumulated impairment loss	-	-	-	-	-	-	316	316
Depreciation for the period	-	2,136	320	5,627	31,517	2,105	13,255	54,960
Disposals	-	457	23	472	771	29	995	2,747
Written off	-	-	-	-	-	(49)	-	(49)
Effect of movement in exchange rates	-	-	-	-	-	-	(20)	(20)
At 30 June 2016	-	-	5	130	-	14	83	232
Accumulated depreciation	-	2,593	348	6,229	32,288	2,099	13,994	57,551
Accumulated impairment loss	-	-	-	-	-	-	319	319
Carrying amounts								
At 31 December 2014/1 January 2015	165	17,211	404	7,506	2,440	14	2,629	30,369
At 30 June 2016	164	16,757	382	8,259	1,795	218	2,460	30,035



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. Property, plant and equipment (continued)

Company	Firearm and renovation RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost			
At 1 January 2015/2014 and 30 June 2016/31 December 2014	3	448	451
Depreciation			
At 1 January 2014	3	442	445
Depreciation for the year	-	1	1
At 31 December 2014/1 January 2015	3	443	446
Depreciation for the period	-	1	1
At 30 June 2016	3	444	447
Net carrying amount			
At 31 December 2014/1 January 2015	-	5	5
At 30 June 2016	-	4	4

8.1 Leasehold land

Long and short term leasehold land of the Group represent unexpired lease periods of more than 50 years and less than 50 years, respectively.

8.2 Impairment loss and reversal

In the previous financial year, the Group had recognised an impairment loss of RM316,000 on tools and moulds, furniture, fittings and equipment. The Group had also recognised a reversal of impairment loss of RM903,000 relating to a building as the market value of leasehold property was significantly higher than the carrying amount at the end of the reporting period. The impairment loss and reversal amount were recognised in "Other Expenses" and "Other Operating Income" line items of the statements of profit or loss and other comprehensive income as disclosed in Note 5 to the financial statements.

9. Investment property

The Group	At 1.1.2015 RM'000 (Restated)	Fair value adjustments RM'000	Effect of movement in exchange rates RM'000	At 30.6.2016 RM'000
Leasehold building	7,170	1,968	144	9,282

The Group	At 1.1.2014 RM'000 (Restated)	Fair value adjustments RM'000	Effect of movement in exchange rates RM'000	At 31.12.2014 RM'000 (Restated)
Leasehold building	6,369	814	(13)	7,170

The following are recognised in profit or loss in respect of investment property:

	Group	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Rental income	287	85
Direct operating expenses of income generating investment property	55	41

- The investment property comprises a warehouse leased to a third party. The property, with an estimated remaining life of 32 years, has been valued at RM9.3 million (31.12.2014: RM7.2 million).
- The investment property is stated at fair value, which have been determined based on valuations performed by independent valuer at the end of the reporting date using direct comparison method which is based on prices realised on actual sales of comparable properties. The valuations were carried out by an independent firm of surveyor, RHL Appraisal Ltd., from Hong Kong, who have amongst their staff Fellows of Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.
- The Management of the Group had discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the end of the reporting date.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. Investment property (continued)

9.1 Fair value information

Fair value of investment property is categorised as follows:

Group	30.6.2016			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Leasehold building	-	-	9,282	9,282

Group	31.12.2014			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Leasehold building	-	-	7,170	7,170

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial period.

Level 3 fair value

Level 3 fair value is estimated using inputs unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within level 3, as well as the significant unobservable inputs used in the valuation models.

	Valuation Technique	Unobservable Input	Range
Investment properties in Hong Kong	Direct comparison method	- Market price per square feet of saleable area	RM1,279 to RM1,337
- Industrial building		- Premium/(discount) on quality of the buildings	(5%) to (9%)
- Car park		- Market price per car park	RM498,000 to RM607,000
		- Premium/(discount) on quality of car park	4% to (15%)

9. Investment property (continued)

9.1 Fair value information (continued)

The fair value of investment property is determined by direct comparison method which is based on prices realised on actual sales of comparable properties on a price per square foot basis, adjusted for a premium or discount specific to the quality of the property compared to the recent sales. Higher premium for higher quality properties will result in a higher fair value measurement.

10. Subsidiaries

	Company	
	30.6.2016	31.12.2014
	RM'000	RM'000
Investments in subsidiaries		
Unquoted shares, at cost	114,415	119,511
Less : Accumulated impairment losses	(34,422)	(39,455)
	<u>79,993</u>	<u>80,056</u>
Amounts owing by subsidiaries	253,427	841,073
Less : Accumulated impairment losses	(93,646)	(654,730)
	<u>159,781</u>	<u>186,343</u>
Amounts owing to subsidiaries	<u>(74,552)</u>	<u>(86,046)</u>
Accumulated impairment losses:-		
At 1 January	(654,730)	(654,730)
Reversal during the period	561,084	-
At 30 June/31 December	<u>(93,646)</u>	<u>(654,730)</u>

- (a) Amounts owing by/(to) subsidiaries represent mainly balances arising from advances, interest charged and payments made on behalf.

Amounts owing by subsidiaries are unsecured, repayable on demand and are interest-free except for amounts owing of RM1,105,000 (31.12.2014: RM551,734,000) which bore interest rate at 4.5% (31.12.2014: 0.1% to 4.5%) per annum.

Amounts owing to subsidiaries are unsecured, repayable on demand and are interest-free.

- (b) Details of the subsidiaries are disclosed in Note 27.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. Investments

Group	<-----Shares----->					Unquoted debentures in Malaysia RM'000
	Total RM'000	Unquoted in overseas RM'000	Quoted in overseas RM'000	Quoted in Malaysia RM'000	Unquoted in Malaysia RM'000	
30.6.2016						
Non-current						
Investments	80,043	75,479	188	3,150	37	1,189
Market value of quoted investments	3,338	-	188	3,150	-	-
31.12.2014						
Non-current						
Investments	91,031	85,287	188	4,100	267	1,189
Market value of quoted investments	4,288	-	188	4,100	-	-

11.1 Included in unquoted investment is an amount of RM75,479,000 (31.12.2014: RM85,287,000) represents investments in redeemable preference shares of an associate of the ultimate holding company. The redemption of the shares shall be upon application by the holders thereof and at a price equal to the original subscription price paid plus an amount equal to the share of the investee company's surplus assets at the time of redemption on a pari passu basis with other classes of stock based on the price paid for these stocks respectively.

11.2 Included in the quoted shares in Malaysia are investments in related companies held by the Group amounted to RM3,150,000 (31.12.2014: RM4,100,000).

12. Goodwill and trademarks

12.1 Goodwill on consolidation

	Group	
	30.6.2016 RM'000	31.12.2014 RM'000
At cost	63,557	63,557
Less: Impairment of goodwill	(5,351)	(5,351)
	<u>58,206</u>	<u>58,206</u>

Goodwill on consolidation arose mainly from acquisition of subsidiary companies which are involved in the food business.

12. Goodwill and trademarks (continued)

12.2 Trademarks

	Group	
	30.6.2016	31.12.2014
	RM'000	RM'000
At cost	4,984	4,984

Trademarks represent the value paid for the rights to utilise certain brand names for the manufacture, sales or distribution of chocolate and food products.

12.3 Impairment testing for cash-generating units containing goodwill and trademarks.

For the purpose of impairment testing, goodwill or trademarks are allocated to a Group's cash-generating unit ("CGU") which represents the lowest level within the Group at which the goodwill or trademarks are monitored for internal management purposes.

Value in use of the CGU was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on expected future cash flows for a period of up to 5 years (31.12.2014: 20 years) and the assumption that cash flow is subjected to a growth rate of ranging between 2% to 4% from 2017 to 2021 based on financial period 2016 cash flows and assumed disposal of properties in the year 2021;
- A pre-tax discount rate of 11% (31.12.2014: 8%) per annum was used to calculate the present value of the cash flows; and
- A gross profit margin ranging between 14% to 34% projected in the expected future cash flows for a period of up to 5 years.

(i) Budgeted gross margin	Average gross margin achieved based on past experience and actual operating results.
(ii) Growth rate	Based on the expected projection of the food and confectionery segments.
(iii) Discount rate (pre-tax)	Reflects specific risks relating to the relevant operating segments.

Management believes that any reasonable possible change in the key assumptions would not cause the carrying amounts to exceed the recoverable amounts of the CGUs. The assumptions above have been consistently applied in estimating the recoverable amount in prior years.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. Inventories

	Group	
	30.6.2016 RM'000	31.12.2014 RM'000
Raw materials	4,086	5,207
Work-in-progress	963	1,656
Finished goods	8,816	8,921
Sundry stores and consumables	1,276	1,579
	<u>15,141</u>	<u>17,363</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>49,323</u>	<u>33,745</u>
Write-off to cost of sales	<u>2,050</u>	<u>1,840</u>

14. Trade and other receivables

	Note	Group		Company	
		30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
Trade					
Trade receivables	14.1	12,346	13,695	-	-
Less: Impairment loss		<u>(1,810)</u>	<u>(2,540)</u>	<u>-</u>	<u>-</u>
		<u>10,536</u>	<u>11,155</u>	<u>-</u>	<u>-</u>
Non-trade					
Other receivables		4,810	1,887	131	253
Amount due from related companies	14.2	<u>10,565</u>	<u>10,005</u>	<u>-</u>	<u>-</u>
Less: Impairment loss		<u>(5,774)</u>	<u>(5,774)</u>	<u>-</u>	<u>-</u>
		<u>4,791</u>	<u>4,231</u>	<u>-</u>	<u>-</u>
		<u>9,601</u>	<u>6,118</u>	<u>131</u>	<u>253</u>
		<u>20,137</u>	<u>17,273</u>	<u>131</u>	<u>253</u>

14.1 Credit terms of trade receivables range from 30 to 120 days (31.12.2014: 30 to 120 days).

14.2 The amounts due from related companies are unsecured, repayable on demand and are interest-free except for amount owing of RM10,295,000 (31.12.2014: RM9,736,000) which bears an interest rate of 4.0% (31.12.2014: 4.0%) per annum.

15. Cash and bank balances

	Group		Company	
	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
Deposits with licensed banks	70,381	122,763	43,415	67,500
Cash and bank balances	<u>28,599</u>	<u>11,529</u>	<u>251</u>	<u>36</u>
	<u>98,980</u>	<u>134,292</u>	<u>43,666</u>	<u>67,536</u>

Deposits of the Group and the Company have average maturities of 8 to 365 days (31.12.2014: 30 to 365 days).

15. Cash and bank balances (continued)

Deposits with licensed banks of the Group amounting to RM1,652,000 (31.12.2014: RM1,510,000) have been pledged as security for bank facilities.

16. Non-current asset held for sale

	Group	
	30.6.2016	31.12.2014
	RM'000	RM'000
Investment in quoted shares	<u>9,930</u>	<u>9,930</u>

The cumulative income recognised in other comprehensive income relating to the non-current asset held for sale is as below:-

	Group	
	30.6.2016	31.12.2014
	RM'000	RM'000
Fair value changes of available-for-sale financial asset	<u>-</u>	<u>4,138</u>

As disclosed in Note 29 to the financial statements, the investment in quoted shares classified as non-current asset held for sale is pending for the condition precedent to be fulfilled.

17. Share capital and Treasury shares

	Group and Company			
	Number of shares 30.6.2016 '000	Amount 30.6.2016 RM'000	Number of shares 31.12.2014 '000	Amount 31.12.2014 RM'000
Authorised				
<i>Before Share Capital Reduction:</i>				
Ordinary share of RM0.50 each:-				
At 1 January	2,000,000	1,000,000	2,000,000	1,000,000
<i>After Share Capital Reduction:</i>				
Ordinary share of RM0.20 each:-				
Reduction of par value from RM0.50 to RM0.20	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June/31 December	<u>5,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>
Issued and fully paid-up				
<i>Before Share Capital Reduction:</i>				
Ordinary share of RM0.50 each:-				
At 1 January	773,357	386,678	773,357	386,678
<i>After Share Capital Reduction:</i>				
Ordinary share of RM0.20 each:-				
Reduction of par value from RM0.50 to RM0.20	<u>-</u>	<u>(232,007)</u>	<u>-</u>	<u>-</u>
At 30 June/31 December	<u>773,357</u>	<u>154,671</u>	<u>773,357</u>	<u>386,678</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. Share capital and Treasury shares (continued)

During the financial period, the Company undertook a capital reduction exercise pursuant to Section 64(1) of the Companies Act, 1965 involving the reduction of par value of each existing ordinary share from RM0.50 to RM0.20 via cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 each held in the Company.

The reduction of par value of the issued and paid-up share capital of 773,357,000 ordinary shares from RM0.50 to RM0.20 gave rise to a credit of approximately RM232,007,000, which utilised to reduce and set-off against an equivalent amount of the accumulated losses of the Group and of the Company for the financial period ended 30 June 2016.

The shareholders of the Company, had in previous years, approved and renewed the Company's plan to repurchase its own ordinary shares. The shares repurchased are retained as treasury shares.

As at 30 June 2016, the number of treasury shares held is 64,959,800 (31.12.2014 : 64,959,800) ordinary shares. These shares are held in accordance with Section 67A of the Companies Act, 1965 and are stated at cost. There were no share buy back, share cancellation and resale of treasury shares by the Company for the financial period ended 30 June 2016.

18. Reserves

	Note	Group		Company	
		30.6.2016 RM'000	31.12.2014 RM'000 (Restated)	30.6.2016 RM'000	31.12.2014 RM'000
<i>Non-distributable</i>					
Share premium	18.1	33,961	472,258	33,961	472,258
Exchange translation reserve		(936)	809	-	-
Capital reserve		56,558	56,558	-	-
Capital redemption reserve		33,327	33,327	33,327	33,327
		<u>122,910</u>	<u>562,952</u>	<u>67,288</u>	<u>505,585</u>
Retained profits/ (Accumulated losses)		<u>65,561</u>	<u>(562,609)</u>	<u>17,641</u>	<u>(613,633)</u>
		<u>188,471</u>	<u>343</u>	<u>84,929</u>	<u>(108,048)</u>

18. Reserves (continued)

18.1 Share premium

During the financial period, the Company undertook a share premium reduction exercise pursuant to Section 60(2) and 64 of the Companies Act, 1965 in Malaysia by reduction of the share premium reserve of the Company for approximately RM438,297,000. Out of this, RM381,626,000 was utilised to further set-off and eliminate the remaining accumulated losses of the Company after the capital reduction and RM56,671,000 was utilised for capital distribution by the Company to the entitled shareholders in the form of cash on the basis of RM0.08 for every one (1) ordinary share held by the entitled shareholders on the entitlement day.

Exchange translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Capital reserve

The non-distributable capital reserve of the Group is in respect of profit from sale of investments.

Capital redemption reserve

The capital redemption reserve is in respect of the treasury shares cancelled on 20 June 2005. An amount equivalent to the nominal value of the shares cancelled was transferred to capital redemption reserve.

19. Loans and borrowings

	Group		Company	
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Non-current				
Finance lease liabilities	54	114	-	-
Current				
Bank overdrafts – unsecured	-	57	-	57
Bank overdrafts – secured	-	241	-	-
Finance lease liabilities	42	85	-	-
	<u>42</u>	<u>383</u>	<u>-</u>	<u>57</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. Loans and borrowings (continued)

	Group	
	30.6.2016 RM'000	31.12.2014 RM'000
Finance lease liabilities		
Amount outstanding	96	199
Less: Amounts payable within 12 months included under loans and borrowings	(42)	(85)
	<u>54</u>	<u>114</u>
 Minimum hire purchase and finance lease payments:-		
- within 1 year	45	101
- between 1 year and 5 years	57	135
	<u>102</u>	<u>236</u>
Future finance charges	(6)	(37)
Present value of hire purchase and finance lease liabilities	<u>96</u>	<u>199</u>
 Payable within 1 year	42	85
Payable between 1 year and 5 years	54	114
	<u>96</u>	<u>199</u>

Bank borrowings

In the previous financial year, the bank overdrafts bore interests ranging from 0.5% to 1.75% per annum above the base lending rates/cost of fund of the lending institutions.

Included in the finance costs of the Group is commitment fee on unutilised bank overdraft and revolving credit facilities of RM219,000 (31.12.2014: RM498,000). The bank overdraft and revolving credit facilities were cancelled by the Group during the current financial period as they were no longer required.

20. Deferred tax

Group	Assets		Liabilities		Net	
	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000 (Restated)	30.6.2016 RM'000	31.12.2014 RM'000 (Restated)
Property, plant and equipment	-	-	(1,876)	(1,613)	(1,876)	(1,613)
Other temporary differences	-	-	63	63	63	63
Tax assets/(liabilities)	-	-	(1,813)	(1,550)	(1,813)	(1,550)
Set-off of tax	-	-	-	-	-	-
Net tax liabilities	-	-	(1,813)	(1,550)	(1,813)	(1,550)

Movement in temporary differences during the financial period/year

	At		Recognised		At	
	1.1.2014 RM'000 (Restated)	Exchange differences RM'000	in profit or loss RM'000 (Restated)	31.12.2014 RM'000 (Restated)	Exchange differences RM'000	30.6.2016 RM'000
Property, plant and equipment	(1,506)	(30)	(77)	(1,613)	(79)	(1,876)
Tax losses	91	-	(91)	-	-	-
Other temporary differences	65	-	(2)	63	-	63
	(1,350)	(30)	(170)	(1,550)	(79)	(1,813)



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. Deferred tax (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following (stated at gross):

	Group		Company	
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	267	271	-	-
Unutilised tax losses	61,254	61,529	-	-
Deductible temporary differences	182	182	-	-
	<u>61,703</u>	<u>61,982</u>	<u>-</u>	<u>-</u>
Effect of foreign exchange differences	7,315	1,961	-	-
	<u>69,018</u>	<u>63,943</u>	<u>-</u>	<u>-</u>

The unabsorbed capital allowances, unutilised tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit or the relevant business source income will be available against which the Group and the Company can utilise the benefits.

21. Trade and other payables

	Group		Company	
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Trade payables	3,095	5,236	-	-
Other payables	8,250	2,963	-	75
Accrued administrative and other expenses	2,166	4,425	121	93
	<u>13,511</u>	<u>12,624</u>	<u>121</u>	<u>168</u>

Credit terms of trade payables granted by the Group vary from 30 to 90 days (31.12.2014: 30 to 90 days).

22. Segment information - Group

(a) Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units.

The following summary describes the operations in each of the Group's reportable segments:

Food: Manufacturing, marketing and distribution of confectionery and cocoa-based and other food products.

Investment holding: Holding of investments and related activities.

Performance is measured based on segment profit before taxation and interest as included in the internal management reports that are reviewed by the Group's Executive Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on *all assets* (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities comprise operating liabilities and finance lease liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. Segment information – Group (continued)

(a) Operating segments (continued)

Group Segment profit	Food		Investment holding		Total	
	30.6.2016 RM'000	31.12.2014 RM'000 (Restated)	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000 (Restated)
<i>Included in the measure of segment profit/(loss) are:</i>						
Revenue from external customers	103,488	68,487	4,215	2,313	107,703	70,800
Finance income	1,038	441	4,762	2,697	5,800	3,138
Depreciation of property, plant and equipment	(2,498)	(1,837)	(249)	(144)	(2,747)	(1,981)
Impairment loss on receivables	-	(453)	-	-	-	(453)
Impairment loss on amount owing by a related company	-	-	-	(604)	-	(604)
Impairment loss on property, plant and equipment	-	(316)	-	-	-	(316)
Inventories written off	(2,050)	(1,840)	-	-	(2,050)	(1,840)
Fair value gain on investment property	1,968	814	-	-	1,968	814
Reversal of impairment loss on receivables	733	109	-	-	733	109
Reversal of impairment loss on property, plant and equipment	-	903	-	-	-	903
Unrealised exchange gain/(loss)	(846)	217	6,537	798	5,691	1,015
<i>Not included in the measure of segment profit/(loss) but provided to Group's Executive Director:</i>						
Finance costs	(40)	(34)	(220)	(547)	(260)	(581)
Tax expense	(973)	(870)	(1,372)	(32)	(2,345)	(902)
Segment assets	164,348	180,256	162,390	190,362	326,738	370,618
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	1,860	766	38	-	1,898	766
Segment liabilities	12,113	11,404	1,494	1,419	13,607	12,823

22. Segment information – Group (continued)

(a) Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	30.6.2016 RM'000	Group 31.12.2014 RM'000 (Restated)
Segment assets		
Total assets for reported segments	326,738	370,618
Unallocated assets		
- current tax assets	1,350	651
Total consolidated assets	328,088	371,269
Segment liabilities		
Total liabilities for reported segments	13,607	12,823
Unallocated liabilities		
- loans and borrowings (excluding finance lease liabilities)	-	298
- deferred tax liabilities	1,813	1,550
- current tax liabilities	10	61
Total consolidated liabilities	15,430	14,732

(b) Geographical segments

In presenting information on the basis of the geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include investments and deferred tax assets.

	Revenue RM'000	Non-current assets RM'000
Geographical information		
30.6.2016		
Malaysia	84,385	88,743
Asia-Pacific	23,318	13,764
	107,703	102,507
31.12.2014 (Restated)		
Malaysia	56,587	89,521
Asia-Pacific	14,213	11,208
	70,800	100,729

Major customers

The Group does not transact with a single external customer amounting to 10% or more than the Group's total revenue.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. Operating leases

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

	30.6.2016 RM'000	31.12.2014 RM'000
Group		
Less than one year	517	528
Between one and five years	234	699
	<u>751</u>	<u>1,227</u>

The Group leases motor vehicles, equipment, office, warehouses, leasehold land and operating facility under operating leases. The leases typically run for a period of two years based on prevailing rental rate for the current financial year. For lease of office and a number of warehouses, there is no renewal options and no contingent rentals under the operation lease. For the lease of leasehold land and operating facility, the lease agreements provides an option to renew at end of lease term.

Leases as lessor

The Group lease out their investment properties under operating leases (see Note 9). The future minimum lease receivables under non-cancellable leases are as follows:

	30.6.2016 RM'000	31.12.2014 RM'000
Group		
Less than one year	56	169
Between one and five years	-	133
	<u>56</u>	<u>302</u>

24. Significant related party transactions

(i) Related Parties and Relationship

The Company is a subsidiary of Malayan United Industries Berhad ("MUI"). Related party transactions of the Group include transactions between the Group with other subsidiaries within the MUI Group of companies. These other subsidiaries are referred to as related companies.

Controlling related party relationships are as follows:-

- i) The ultimate holding company, MUI, as disclosed above; and
- ii) 'Tan Sri Dato' Khoo Kay Peng, by virtue of his deemed interest in the ultimate holding company, is a deemed substantial shareholder of the Company.

(ii) Significant Related Party Transactions

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

	Group		Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Related companies:-				
Asset management services expenses and management fees	1,708	944	1,708	940
Sale of goods	113	3	-	-
Office rental and related expenses	-	32	-	23
Office equipment rental expenses	-	34	-	3
Security services expenses	-	8	-	-
Internal audit expenses	-	7	-	-
Finance income	559	388	-	-
Subsidiaries:-				
Finance income	-	-	346	599

The related party transactions described above were carried out on terms and conditions in the normal course of business and the terms were mutually agreed between the respective parties.

Significant balances with related parties at the reporting date are disclosed in Note 10 and Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. Significant related party transactions (continued)

(iii) Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000	1.1.2015 to 30.6.2016 RM'000	1.1.2014 to 31.12.2014 RM'000
Short-term employee benefits	567	385	209	149
Contribution to defined contribution plan	53	35	9	6
	<u>620</u>	<u>420</u>	<u>218</u>	<u>155</u>

25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through other comprehensive income ("FVTOCI");
- (b) Financial assets at amortised cost ("FAAC"); and
- (c) Other financial liabilities at amortised cost ("OFL").

	Carrying amount RM'000	FAAC RM'000	FVTOCI RM'000
Financial assets			
Group			
30.6.2016			
Investments	80,043	76,705	3,338
Trade and other receivables	20,137	20,137	-
Cash and bank balances	98,980	98,980	-
	<u>199,160</u>	<u>195,822</u>	<u>3,338</u>
31.12.2014			
Investments	91,031	86,743	4,288
Trade and other receivables	17,273	17,273	-
Cash and bank balances	134,292	134,292	-
	<u>242,596</u>	<u>238,308</u>	<u>4,288</u>
Company			
30.6.2016			
Trade and other receivables	131	131	-
Amounts owing by subsidiaries	159,781	159,781	-
Cash and bank balances	43,666	43,666	-
	<u>203,578</u>	<u>203,578</u>	<u>-</u>
31.12.2014			
Trade and other receivables	253	253	-
Amounts owing by subsidiaries	186,343	186,343	-
Cash and bank balances	67,536	67,536	-
	<u>254,132</u>	<u>254,132</u>	<u>-</u>

25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

	Carrying amount RM'000	OFL RM'000
Financial liabilities		
Group		
30.6.2016		
Loans and borrowings	(96)	(96)
Trade and other payables	(13,511)	(13,511)
	<u>(13,607)</u>	<u>(13,607)</u>
31.12.2014		
Loans and borrowings	(497)	(497)
Trade and other payables	(12,624)	(12,624)
	<u>(13,121)</u>	<u>(13,121)</u>
	Carrying amount RM'000	OFL RM'000
Company		
30.6.2016		
Trade and other payables	(121)	(121)
Amounts owing to subsidiaries	(74,552)	(74,552)
	<u>(74,673)</u>	<u>(74,673)</u>
31.12.2014		
Loans and borrowings	(57)	(57)
Trade and other payables	(168)	(168)
Amounts owing to subsidiaries	(86,046)	(86,046)
	<u>(86,271)</u>	<u>(86,271)</u>

All investments in equity instrument have been designated to be measured at FVTOCI. This designation has been made because the Directors are of the view that such investments are held for long term to earn dividend income. The volatility of the investments' fair values have been presented in other comprehensive income in order not to distort the profits from operations of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Financial instruments (continued)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) arising on:				
Fair value through other comprehensive income				
financial assets				
- recognised in other comprehensive income	(950)	6,509	-	-
Financial assets at amortised cost				
- interest income	5,800	3,138	3,597	2,717
- exchange realised gain	1,433	797	-	-
- exchange unrealised gain	5,691	1,015	6,537	963
- impairment loss on receivables	-	(1,057)	-	-
Reversal of impairment loss on receivables	733	109	-	-
Financial liabilities at amortised cost				
- interest expense	(260)	(581)	(220)	(547)
	<u>12,447</u>	<u>9,930</u>	<u>9,914</u>	<u>3,133</u>

25.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and other receivables and investment securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

25. Financial instruments (continued)

25.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	30.6.2016	31.12.2014
	RM'000	RM'000
Malaysia	8,476	8,127
Asia-Pacific	2,060	3,028
	<u>10,536</u>	<u>11,155</u>

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Group	
	30.6.2016	31.12.2014
	RM'000	RM'000
Not past due	3,372	7,093
Past due 30 – 60 days	3,274	2,367
Past due 61 – 120 days	2,543	1,776
Past due more than 120 days	3,157	2,459
	<u>12,346</u>	<u>13,695</u>
Less: Impairment loss	<u>(1,810)</u>	<u>(2,540)</u>
	<u>10,536</u>	<u>11,155</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Financial instruments (continued)

25.4 Credit risk (continued)

Receivables (continued)

The movements in the allowance for impairment losses of trade receivables during the financial period/year were:

	Group	
	30.6.2016 RM'000	31.12.2014 RM'000
At 1 January	(2,540)	(2,195)
Impairment loss recognised	-	(453)
Writeback during the year	733	109
Effect of movement in exchange rates	(3)	(1)
At 30 June/31 December	<u>(1,810)</u>	<u>(2,540)</u>

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Other receivables and amount due from related companies

Risk management objectives, policies and processes for managing the risk

The management monitors the recoverability of significant other receivables and amount due from related companies regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that other receivables and amount due from related companies are not recoverable except for impairment losses recognised for amount due from related companies amounting to RM5,774,000 (31.12.2014: RM5,774,000). The Group does not specifically monitor the ageing of other receivables and amount due from related companies as these balances are expected to be recovered within 12 months.

The movements in the allowance for impairment losses of receivables during the financial period/year were:

	Group	
	30.6.2016 RM'000	31.12.2014 RM'000
At 1 January	(5,774)	(5,170)
Impairment loss recognised	-	(604)
At 30 June/31 December	<u>(5,774)</u>	<u>(5,774)</u>

25. Financial instruments (continued)

25.4 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has invested in domestic and overseas securities as disclosed in Note 11. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly-owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable except for reversal of impairment losses recognised for advances to the subsidiaries amounting to RM561,084,000. The Company does not specifically monitor the ageing of the advances to the subsidiaries as these advances have no fixed terms of repayment.

The movements in the allowance for impairment losses of amount owing by subsidiaries during the financial period/year were:

	Company	
	30.6.2016	31.12.2014
	RM'000	RM'000
At 1 January	(654,730)	(654,730)
Reversal of impairment loss	561,084	-
At 30 June/31 December	<u>(93,646)</u>	<u>(654,730)</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Financial instruments (continued)

25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings. The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000
Group					
30.6.2016					
<i>Financial liabilities</i>					
Finance lease liabilities	96	4	102	45	57
Trade and other payables	13,511	-	13,511	13,511	-
	<u>13,607</u>		<u>13,613</u>	<u>13,556</u>	<u>57</u>
31.12.2014					
<i>Financial liabilities</i>					
Bank overdrafts	298	7	319	319	-
Finance lease liabilities	199	4	236	101	135
Trade and other payables	12,624	-	12,624	12,624	-
	<u>13,121</u>		<u>13,179</u>	<u>13,044</u>	<u>135</u>
Company					
30.6.2016					
<i>Financial liabilities</i>					
Trade and other payables	121	-	121	121	-
Amounts owing to subsidiaries	74,552	-	74,552	74,552	-
	<u>74,673</u>		<u>74,673</u>	<u>74,673</u>	<u>-</u>
31.12.2014					
<i>Financial liabilities</i>					
Bank overdrafts	57	7	61	61	-
Trade and other payables	168	-	168	168	-
Amounts owing to subsidiaries	86,046	-	86,046	86,046	-
	<u>86,271</u>		<u>86,275</u>	<u>86,275</u>	<u>-</u>

25. Financial instruments (continued)

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

25.7 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily New Zealand Dollar ("NZD"), U.S. Dollar ("USD"), Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period.

	Denominated in			
	NZD	USD	SGD	HKD
	RM'000	RM'000	RM'000	RM'000
Group				
30.6.2016				
Investments	-	-	188	-
Trade and other receivables	-	1,756	743	1,556
Trade and other payables	(33)	(376)	(707)	(694)
Cash and cash equivalents	-	-	6,492	7,886
Net exposure	(33)	1,380	6,716	8,748
31.12.2014				
Investments	-	-	188	-
Trade and other receivables	-	1,591	544	2,698
Trade and other payables	-	(2,275)	(528)	(805)
Cash and cash equivalents	-	-	37,761	6,210
Net exposure	-	(684)	37,965	8,103

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Financial instruments (continued)

25.7 Currency risk (continued)

Currency risk sensitivity analysis

A 10% strengthening of Ringgit Malaysia, the functional currency, against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Equity		Profit or loss	
	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
US Dollar	(138)	68	(138)	68
Singapore Dollar	(672)	(3,797)	(672)	(3,797)
Hong Kong Dollar	(875)	(810)	(875)	(810)
New Zealand Dollar	3	-	3	-

A 10% weakening of Ringgit Malaysia, the functional currency, against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

25.8 Interest rate risk

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	30.6.2016 RM'000	31.12.2014 RM'000	30.6.2016 RM'000	31.12.2014 RM'000
Floating rate instruments				
Bank overdrafts	-	(298)	-	(57)
Fixed rate instruments				
Deposits with licensed banks	70,381	122,763	43,415	67,500
Finance lease liabilities	(96)	(199)	-	-
Investment in debentures	1,189	1,189	-	-

25. Financial instruments (continued)

25.8 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (“bp”) in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group Profit or loss		Company Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
30.6.2016				
Floating rate instruments	-	-	-	-
Cash flow sensitivity (net)	-	-	-	-
31.12.2014				
Floating rate instruments	(3)	3	(1)	1
Cash flow sensitivity (net)	(2)	2	(1)	1

25.9 Equity price risk

Equity price risk arises from the Group’s investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and any buy and sell decisions are approved by the management of the Group.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant, and the Group’s quoted equity investments and other securities moved in correlation with FTSE Bursa Malaysia KLCI (“FBMKLCI”) and other overseas equity markets.

A 10% (31.12.2014: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity of the Group by RM334,000 (31.12.2014: RM429,000). A 10% (31.12.2014: 10%) weakening in FBMKLCI would have had equal but opposite effect on equity.

25.10 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Financial instruments (continued)

25.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1			Total	Level 1			Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
30.6.2016										
Financial assets										
Quoted shares in overseas	188	-	-	188	-	-	-	-	188	188
Quoted shares in Malaysia										
- related companies	3,150	-	-	3,150	-	-	-	-	3,150	3,150
Unquoted shares in overseas										
- associate of the ultimate holding company	-	-	-	-	-	-	75,479*	75,479*	75,479*	75,479
Unquoted shares in Malaysia	-	-	-	-	-	-	37	37	37	37
Unquoted debentures in Malaysia	-	-	-	-	-	-	1,189	1,189	1,189	1,189
	3,338	-	-	3,338	-	-	76,705	76,705	80,043	80,043
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	-	-	96	96
Finance lease liabilities										

* The fair value cannot be measured reliably.

25. Financial instruments (continued)

25.10 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
31.12.2014										
Financial assets										
Quoted shares in overseas	188	-	-	188	-	-	-	-	188	188
Quoted shares in Malaysia										
- related companies	4,100	-	-	4,100	-	-	-	-	4,100	4,100
Unquoted shares in overseas										
- associate of the ultimate holding company	-	-	-	-	-	-	85,287*	85,287*	85,287*	85,287
Unquoted shares in Malaysia	-	-	-	-	-	-	267	267	267	267
Debentures unquoted in Malaysia	-	-	-	-	-	-	1,189	1,189	1,189	1,189
	4,288	-	-	4,288	-	-	86,743	86,743	91,031	91,031
Financial liabilities										
Loans and borrowings	-	-	-	-	-	-	199	199	199	199
Finance lease liabilities										

* The fair value cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Financial instruments (continued)

25.10 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair value during the financial period (31.12.2014: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

	30.6.2016 RM'000	31.12.2014 RM'000
Group		
Level 3 investments		
Balance at 1 January	85,287	85,287
Redemption	(9,808)	-
Balance at 30 June/31 December	<u>75,479</u>	<u>85,287</u>

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) *Financial instruments not carried at fair value*

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in unquoted shares	Discounted cashflows.	Not applicable.	Not applicable.

25. Financial instruments (continued)

25.10 Fair value information (continued)

Level 3 fair value (continued)

(a) *Financial instruments not carried at fair value*

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted debentures	Discounted cashflows.	Not applicable.	Not applicable.
Finance lease liabilities	Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance lease liabilities, the market rate of interest is determined by reference to similar lease agreements.	Not applicable.	Not applicable.

Sensitivity analysis for Level 3

Any reasonably possible change in the prices of unquoted investments at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer and Executive Director. The management regularly reviews significant unobservable inputs and valuation adjustments.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year.

At the end of the financial period, the Group managed to maintain debt level lower than the total of available cash and cash equivalents and equity.

27. Details of subsidiaries

	Name of subsidiary	Effective ownership interest		Principal activities	Country of incorporation
		30.6.2016	31.12.2014		
		%	%		
■ # *	1. Acmes Investment Limited	100	100	Investment holding	Hong Kong
# *	2. Baiduri Pertama Sdn Bhd	100	100	Investment holding	Malaysia
≠ # *	3. Bidou Holdings Sdn Bhd	100	100	Investment holding	Malaysia
≠ # *	4. Clacton Holdings Sdn Bhd	100	100	Investment holding	Malaysia
≠ # *	5. Delight Consolidated Sdn Bhd	100	100	Investment holding	Malaysia
# *	6. GCIH Trademarks Limited	100	100	Licensing of trademarks	Hong Kong
# *	7. Gelombang Sinar Sdn Bhd	100	100	Investment holding	Malaysia
# *	8. Jaguh Padu Sdn Bhd	100	100	Investment holding	Malaysia
^ # *	9. Jerico Sdn Bhd	100	100	Investment holding	Malaysia
# *	10. Jomuda Sdn Bhd	100	100	Investment holding	Malaysia
≠ # *	11. Lembaran Megah Sdn Bhd	100	100	Investment holding	Malaysia
# *	12. Megafort Sdn Bhd	100	100	Investment holding	Malaysia
# *	13. Megawise Sdn Bhd	100	100	Money lending licence	Malaysia
≠ # *	14. Mikonwadi Sdn Bhd	100	100	Investment holding	Malaysia
#	15. Network Foods International Ltd	100	100	Investment holding	Singapore
# *	16. Pan Malaysia Management Sdn Bhd	100	100	Inactive	Malaysia
# *	17. Pan Malaysia-Singapore Holdings (Pte) Ltd	100	100	Investment holding	Singapore
> # *	18. Panorama Scope Sdn Bhd	100	100	Investment holding	Malaysia
# *	19. Plumblin Sdn Bhd	100	100	Investment holding	Malaysia
≠ # *	20. PMCW Enterprises Sdn Bhd	100	100	Investment holding	Malaysia
~ # *	21. PMCW Holdings Sdn Bhd	100	100	Investment holding	Malaysia
# *	22. PMRI Investments (Singapore) Pte Ltd	100	100	Investment holding	Singapore
# *	23. Taraf Sanjung (M) Sdn Bhd	100	100	Investment holding	Malaysia
# *	24. Tudor Gold Limited	100	100	Dormant	United Kingdom
# *	25. Tunas Juara Sdn Bhd	100	100	Investment holding	Malaysia
> # *	26. United Pace Sdn Bhd	100	100	Investment holding	Malaysia
# *	27. Uniwell Nominees (Tempatan) Sdn Bhd	100	100	Inactive	Malaysia

27. Details of subsidiaries (continued)

Name of subsidiary	Effective ownership interest		Principal activities	Country of incorporation	
	30.6.2016 %	31.12.2014 %			
Subsidiaries of Network Foods International Ltd:					
# *	1. Danau Gelombang Sdn Bhd	100	100	Inactive	Malaysia
# *	2. Network Foods Distribution Pte Ltd	100	100	Warehousing and distribution of chilled products, confectionery products and snack foods	Singapore
# +	3. Network Foods (Hong Kong) Limited	100	100	Distribution of chocolate and other food and beverage products	Hong Kong
	4. Network Foods Industries Sdn Bhd	100	100	Manufacturing and trading of consumer chocolate products	Malaysia
	5. Network Foods (Malaysia) Sdn Bhd	100	100	Marketing and distribution of chocolates, confectionery and beverage products	Malaysia
# *	6. Quintrinox Pte Ltd	100	100	Investment holding	Singapore
# *	7. Specialist Food Retailers Pte Ltd	100	100	Inactive	Singapore
# *	8. Tiffany Enterprise Sdn Bhd	100	100	Dormant	Malaysia
# *	9. Tiffany Hampers & Gifts Pte Ltd	100	100	Inactive	Singapore

Indicates subsidiaries not audited by Crowe Horwath, Malaysia.

+ The auditors' report on the financial statements of the subsidiary contained a qualified opinion on the opening balance of inventories of RM2,018,000 held at 1 January 2015. This was due to the new auditors did not observe the counting of the physical inventories at 1 January 2015 and they were unable to satisfy themselves by alternative means concerning the inventory quantities held at 31 December 2014.

* Consolidated based on unaudited management accounts.

≠ Placed under members' voluntary winding up on 11 March 2016.

~ Placed under members' voluntary winding up on 5 May 2016.

^ Placed under members' voluntary winding up on 28 June 2016.

■ Placed under deregistration on 28 April 2016 and was dissolved on 9 September 2016.

> Placed under striking off on 19 January 2016.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. Corporate developments

The Company had unutilised cash proceeds of approximately RM31 million raised from the disposal of its cement-based associated companies in previous years. These proceeds were placed with financial institutions, in line with one of the conditions stipulated by Securities Commission ("SC"). The SC had vide its letter dated 15 December 2008 approved the Company's application to utilise the said funds for the following purposes:-

	31.12.2014 RM' million	Amount utilised during the period RM' million	30.6.2016 RM' million
Approved Utilisations			
To finance the development of the adjoining factory property to be acquired and existing properties for the expansion of Network Foods Industries Sdn. Bhd.'s manufacturing operations and consolidation with the marketing and distribution operations of Network Foods (Malaysia) Sdn. Bhd.	31	-	31

29. Significant events during the financial period

- a) During the previous financial year on 12 December 2014, the Company announced that Megawise Sdn. Bhd. ("Megawise"), a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with Dato' Dr Yu Kuan Chon ("Dato' Dr Yu") to dispose of 82,749,507 ordinary shares, representing 8.91% of the issued and paid-up share capital of Pan Malaysia Holdings Berhad ("PMH") for a total disposal consideration of RM9,929,941 ("Proposed Disposal").

On 10 June 2016, the Company announced that Dato' Dr Yu and Megawise had mutually agreed to extend the Cut-Off Date to fulfill the Condition Precedent for a further period of one month commencing from 12 June 2016 and expiring on 11 July 2016. This is the seventeenth extension for Dato' Dr Yu and Megawise, following the expiry of the first extension on 11 April 2015.

- b) On 27 November 2015, KAF Investment Bank Berhad had, on behalf of the Board of Directors of the Company, announced that the Company proposes to undertake the following proposals:-
- proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") involving the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 each held in the Company ("Proposed Par Value Reduction");
 - proposed reduction of RM438.3 million from the share premium reserve of the Company pursuant to Sections 60(2) and 64 of the Act ("Proposed Share Premium Reduction");
 - proposed capital distribution to the shareholders of the Company involving a cash distribution of RM0.08 for each ordinary share in the Company pursuant to the Proposed Share Premium Reduction; and
 - proposed amendments to certain clauses of the Memorandum & Articles of Association of the Company to facilitate the implementation of the Proposed Par Value Reduction ("Proposed M&A Amendments"), (hereinafter collectively referred to as the "Proposals").

29. Significant events during the financial period (continued)

On 3 March 2016, all the special resolutions for the Proposals as set out in the Notice of Extraordinary General Meeting (“EGM”) of the Company dated 5 February 2016 and tabled at the EGM of the Company were approved by the shareholders.

On 13 April 2016, the Company announced that the High Court of Malaya has granted an order confirming the Par Value Reduction, Share Premium Reduction and Capital Distribution pursuant to Section 64 of the Companies Act, 1965 (“Court Order”).

On 29 April 2016, the Company announced that the entitlement date for the Capital Distribution has been fixed on 16 May 2016. The payment for the Capital Distribution is fixed on 26 May 2016.

On 16 May 2016, an official copy of the Court Order has been lodged with the Companies Commission of Malaysia for the Par Value Reduction, Share Premium Reduction and Capital Distribution to take effect accordingly.

The payment for the capital distribution has been made to the entitled shareholders of the Company on 26 May 2016. As such, the proposals have been fully implemented and completed on 26 May 2016.

- c) During the financial period, the following dormant/inactive wholly-owned subsidiaries of the Group were placed under members’ voluntary winding-up pursuant to Section 254(1)(b) of the Act (“Winding-Up”):-
- i) Bidou Holdings Sdn Bhd;
 - ii) Clacton Holdings Sdn Bhd;
 - iii) Delight Consolidated Sdn Bhd;
 - iv) Lembaran Megah Sdn Bhd;
 - v) Mikonwadi Sdn Bhd;
 - vi) PMCW Enterprises Sdn Bhd;
 - vii) PMCW Holdings Sdn Bhd; and
 - viii) Jerico Sdn Bhd.

The Winding-Up of the above subsidiaries is part of the Group's continuing rationalisation effort to improve efficiency within the Group and to save future costs associated with maintaining these subsidiaries. The Winding-Up of the above subsidiaries does not have any material financial or operational effect on the Group for the financial period ended 30 June 2016.

30. Significant events occurring after the reporting period

- a) On 11 July 2016, the Company announced that Dato’ Dr Yu and Megawise had mutually agreed to extend the Cut-Off Date to fulfil the Condition Precedent for a further period of one month commencing from 12 July 2016 and expiring on 11 August 2016. This is the eighteenth extension for Dato’ Dr Yu and Megawise, following the expiry of the first extension on 11 April 2015.

On 11 August 2016, the Company announced that Dato’ Dr Yu Kuan Chon and Megawise had mutually agreed to extend the Cut-Off Date to fulfill the Condition Precedent for a further period of one month commencing from 12 August 2016 and expiring on 11 September 2016. This is the nineteenth extension for Dato’ Dr Yu and Megawise, following the expiry of the first extension on 11 April 2015.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Significant events occurring after the reporting period (continued)

On 13 September 2016, the Company announced that Dato' Dr Yu and Megawise had mutually agreed to terminate the Share Sale Agreement due to the Condition Precedent not being fulfilled by the Cut-Off Date of 12 September 2016 ("Termination"). Upon Termination, the Agreement shall be of no further effect and the parties shall be released from all further obligations to each other. The Termination is not expected to have any material effect on the earnings, net assets and gearing of the Group for the financial year ending 30 June 2017.

- b) On 15 September 2016, the Company announced that Acmes Investment Limited ("Acmes"), a wholly-owned subsidiary of Jaguh Padu Sdn Bhd incorporated in Hong Kong ("HK"), which is in turn a wholly-owned subsidiary of the Company was deregistered and dissolved on 9 September 2016 following an earlier application by Acmes to the Companies Registry in HK for its deregistration in accordance with the Companies Ordinance. The dissolution of Acmes will not have any material effect on the earnings and net assets of the Group for the financial year ending 30 June 2017.

31. Comparative information

The current period figures are for the period from 1 January 2015 to 30 June 2016. Consequently, the comparative figures in the statements of profit or loss and other comprehensive income, statements of cash flow, statements of changes in equity and related notes are not comparable.

32. Prior year adjustments

The following comparative figures have been restated due to the Group changed its accounting policy on measurement of its investment property during the financial period from cost model to fair value model as the change will result in more reliable and relevant information about the value of the investment property in the consolidated financial statements of the Group.

In accordance with MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors, the change is to be applied retrospectively. The effect of changes in the consolidated financial statements is as follows:-

At 31 December 2014

	As previously reported RM'000	Group Effect of prior year adjustments RM'000	As restated RM'000
Statements of financial position (Extract):			
Non-current assets			
- Investment properties	1,147	6,023	7,170
Non-current liabilities			
- Deferred tax liabilities	883	667	1,550
Equity (Extract):			
- Reserve	(5,013)	5,356	343

32. Prior year adjustments (continued)

At 31 December 2014 (continued)

	As previously reported RM'000	Group Effect of prior year adjustments RM'000	As restated RM'000
Statements of profit or loss and other comprehensive income (Extract):			
- Other operating income	2,855	814	3,669
- Tax expense	(825)	(77)	(902)
- Results from operating activities	2,873	814	3,687
- Profit for the year	1,467	737	2,204
Statements of Cash Flows (Extract):			
Profit before tax			
Adjustments for:			
- Fair value gain on investment property	-	(814)	(814)

At 1 January 2014

	As previously reported RM'000	Group Effect of prior year adjustments RM'000	As restated RM'000
Statements of financial position (Extract):			
Non-current assets			
- Investment properties	1,160	5,209	6,369
Non-current liabilities			
- Deferred tax liabilities	760	590	1,350
Equity (Extract):			
- Reserve	(12,510)	4,619	(7,891)



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained profits/accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	Group		Company	
	30.6.2016	31.12.2014	30.6.2016	31.12.2014
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Total retained profits				
/(accumulated losses) of the				
Company and its subsidiaries				
- realised	(68,902)	(1,260,477)	10,140	(614,596)
- unrealised	26,304	25,781	7,501	963
	(42,598)	(1,234,696)	17,641	(613,633)
Less: Consolidation adjustments	108,159	672,087	-	-
Total retained profits				
/(accumulated losses)	65,561	(562,609)	17,641	(613,633)

INDEPENDENT AUDITORS' REPORT

To The Members Of Pan Malaysia Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of Pan Malaysia Corporation Berhad, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 105.

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 about 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 of financial statements that give a true and fair view 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 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.



INDEPENDENT AUDITORS' REPORT (Cont'd)

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 of 30 June 2016 and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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' reports, where available, of the subsidiaries of which we have not acted as auditors, which are indicated in Note 27 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act except qualified opinion on the opening balance of inventories in a subsidiary as indicated in Note 27 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 33 on page 106 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 Profit or Losses in the Context of Disclosure 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 respect, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



Pan Malaysia Corporation Berhad
Company No: 4920-D
Incorporated in Malaysia

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.

Crowe Horwath

Firm No: AF 1018

Chartered Accountants

Date: 18 October 2016

Kuala Lumpur, Malaysia

Ngiam Mia Teck

Approval No: 03000/07/2018 J

Chartered Accountant



PROPERTIES OWNED BY THE GROUP

As At 30 June 2016

<i>Location, Description and Usage</i>	<i>Approximate Area Sq. meter</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM'000</i>
MALAYSIA			
State of Selangor Darul Ehsan			
1 lot of leasehold industrial land with factory and office building at Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2071) (Date of acquisition: September 1999)	10,800	45	5,421
1 lot of leasehold industrial land with factory and office building at lot 614, Tapak Perusahaan Shah Alam, Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2068) (Date of acquisition: July 2009)	24,295	48	15,591
State of Pulau Pinang			
1 lot of leasehold land with an office and warehouse at no. 101-G, Lintang Kampong Jawa. Lot 4, Kawasan MIEL, Bayan Baru, Pulau Pinang (Lease expires in 2041) (Date of acquisition: September 1999)	976	34	382
State of Johor Darul Takzim			
1 lot of freehold land with warehouse at no. 35, Jalan Mashyur 3, Taman Perindustrian Cemerlang, Ulu Tiram, Johor Darul Takzim. (Date of acquisition: September 1999)	446	22	280
HONG KONG			
1 unit of leasehold warehouse at Block 1, Unit C, 23rd Floor, Kingford Industrial Building, nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories (Lease expires in 2047) (Date of acquisition: September 1999)	771	37	9,282
SINGAPORE			
1 lot of leasehold apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition: July 1999)	194	15	3,888

ANALYSIS OF SHAREHOLDINGS

As At 10 October 2016

Class of Share : Ordinary share of 20 sen each
Voting Rights : 1 vote per ordinary share

Substantial Shareholders
as per Register of Substantial Shareholders

<i>Name</i>	<i>Direct Interest</i>		<i>Deemed Interest</i>	
	<i>No. of Shares</i>	<i>%#</i>	<i>No. of Shares</i>	<i>%#</i>
1. Malayan United Industries Berhad	195,056,000	27.53	276,090,200	38.97
2. Tan Sri Dato' Khoo Kay Peng	—	—	471,146,200	66.51
3. Tarrega Holdings Sdn Bhd	189,060,500	26.69	—	—
4. Oriental Omega Sdn Bhd	79,109,700	11.17	—	—
5. KKP Holdings Sdn Bhd	—	—	471,146,200	66.51
6. Soo Lay Holdings Sdn Bhd	—	—	471,146,200	66.51
7. Norcross Limited	—	—	471,146,200	66.51
8. Cherubim Investment (HK) Limited	—	—	471,146,200	66.51

Directors' Shareholdings in the Company and related corporations
as per Register of Directors' Shareholdings

	<i>Direct Interest</i>		<i>Deemed Interest</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<i>Ordinary shares of RM1 each in Malayan United Industries Berhad</i>				
Tan Sri Dato' Dr Yeoh Oon Kheng	358,461	0.01	—	—

Distribution of Shareholders

<i>Holdings</i>	<i>No. of Holders</i>	<i>%</i>	<i>No. of Shares</i>	<i>%#</i>
Less than 100 shares	304	4.02	6,533	0.00
100 - 1,000 shares	1,344	17.78	1,117,690	0.16
1,001 - 10,000 shares	3,903	51.64	18,625,318	2.63
10,001 - 100,000 shares	1,707	22.59	57,752,411	8.15
100,001 to less than 5% of issued shares#	296	3.92	200,425,048	28.29
5% and above of issued shares#	4	0.05	430,470,200	60.77
Total	7,558	100.00	708,397,200	100.00

Note:-

Based on the issued and paid-up share capital of the Company comprising 773,357,000 ordinary shares and after deduction of 64,959,800 treasury shares retained by the Company as per Record of Depositors.



ANALYSIS OF SHAREHOLDINGS (Cont'd)

Thirty (30) Largest Registered Shareholders

<i>Name</i>	<i>No. of Shares</i>	<i>%#</i>
1. Public Nominees (Tempatan) Sdn Bhd - Tarrega Holdings Sdn Bhd	189,060,500	26.69
2. Public Nominees (Tempatan) Sdn Bhd - Malayan United Industries Berhad	162,300,000	22.91
3. Oriental Omega Sdn Bhd	42,841,700	6.05
4. Oriental Omega Sdn Bhd	36,268,000	5.12
5. Malayan United Industries Berhad	32,756,000	4.62
6. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Hock Leong	9,932,000	1.40
7. Apprex (M) Sdn Bhd	7,920,000	1.12
8. Chin Khee Kong & Sons Sdn Bhd	7,543,200	1.06
9. Lee Yu Yong @ Lee Yuen Ying	7,008,800	0.99
10. Ding Choo King	5,700,000	0.80
11. Lim Kian Siong	4,801,500	0.68
12. Kim Hin Joo Private Limited	4,200,000	0.59
13. Helly Lyke Tabalujan	4,000,000	0.56
14. UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt an for UOB Kay Hian Pte Ltd	3,734,095	0.53
15. Chua Ah Moi @ Chua Sai Peng	3,687,000	0.52
16. Zulkifli bin Hussain	3,675,700	0.52
17. Maybank Nominees (Tempatan) Sdn Bhd - Lee Yu Yong @ Lee Yuen Ying	3,661,000	0.52
18. Wong Soo Chai @ Wong Chick Wai	2,871,900	0.41
19. Lee Kim Soon	2,714,800	0.38
20. HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Leow Kuan Shu	2,000,000	0.28
21. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Tay Hock Soon	1,932,300	0.27
22. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chin Kiam Hsung	1,860,000	0.26
23. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Kin Kheong	1,818,900	0.26
24. Citigroup Nominees (Asing) Sdn Bhd - Exempt an for OCBC Securities Private Limited	1,735,633	0.25
25. CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for See Chin Siew	1,733,200	0.24
26. Soon Hock Teong	1,700,000	0.24
27. Teo Kwee Hock	1,665,000	0.24
28. Lim Siang Hee	1,550,000	0.22
29. Ong Bee Lian	1,416,500	0.20
30. Choong Kow Joo & Sons Sdn Bhd	1,400,000	0.20
Total	553,487,728	78.13

Note:-

Based on the issued and paid-up share capital of the Company comprising 773,357,000 ordinary shares and after deduction of 64,959,800 treasury shares retained by the Company as per Record of Depositors.



Pan Malaysia Corporation Berhad
Company No: 4920-D
Incorporated in Malaysia

FORM OF PROXY

IMPORTANT!

Please take note that all the fields underlined in this proxy form are mandatory and must be completed in full and accurately. The Company reserves the right to invalidate and/or reject any proxy form which is not complete or accurately filled in.

No. of Shares Held: _____

I/We _____ NRIC/Company No. _____

of _____ Tel. No. _____

being a member of PAN MALAYSIA CORPORATION BERHAD hereby appoint _____

_____ NRIC No. _____

of _____ (percentage of shareholding represented: _____%)

or failing him/her, _____ NRIC No. _____

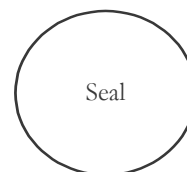
of _____ (percentage of shareholding represented: _____%)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Third Annual General Meeting of the Company to be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Thursday, 1 December 2016 at 2.30 p.m. and at any adjournment thereof, and to vote as indicated below:-

	Resolutions	For	Against
1.	To approve Directors' fees of RM193,867.		
2.	To re-appoint Tan Sri Dato' Seri Azmi bin Khalid as Director of the Company.		
3.	To re-elect Encik Ariff bin Rozhan as Director of the Company.		
4.	To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	Proposed authority for Encik Ariff bin Rozhan to continue in office as Independent Non-Executive Director.		
6.	Proposed authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Proposed renewal of authority for the purchase of own shares by Pan Malaysia Corporation Berhad.		

(Please indicate with an 'X' how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signed this _____ day of _____ 2016.



Signature _____

Notes:-

- Only a member whose name appears on the Record of Depositors as at 21 November 2016 shall be entitled to attend and vote at the meeting or appoint proxies to attend and/or vote on his or her behalf. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.
- A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy only 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 of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.
- Where a member and/or an exempt authorised nominee, appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.
- The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.
- The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment hereof.

STAMP

The Company Secretary
Pan Malaysia Corporation Berhad
Unit 3, 191, Jalan Ampang
50450 Kuala Lumpur
Malaysia

